PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 444 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-FOURTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2005–06

COMPRISING PERIOD
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20 March 2006

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-FIFTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 444**

ELEVENTH VOLUME OF SESSION 2005–2006

House of Commons

Monday 20 March 2006

The House met at half-past Two o'clock

PRAYERS

The unavoidable absence of MR. SPEAKER *having been announced,* THE CHAIRMAN OF WAYS AND MEANS *took the Chair as* DEPUTY SPEAKER, *pursuant to the Standing Order.*

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Police Custody Cells (Dorset)

1. **Mr. Tobias Ellwood** (Bournemouth, East) (Con): How many police custody cells there are in police stations and courts in the Dorset area; and if he will make a statement. [59221]

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): There are currently 58 police cells and detention rooms available in Dorset. The number of police cells is an operational matter for the chief constable and the police authority.Cells in the courts are under the ownership of Her Majesty's Courts Service and are not a police facility.

Mr. Ellwood: The number of arrests in Bournemouth on a Friday or Saturday night has increased, and by midnight Bournemouth police cells are full, which means that people arrested after that must be taken to other parts of Dorset. Will the Minister look into why the 16 serviceable cells that are part of the law courts are unavailable for the police to use?

Paul Goggins: May I begin by congratulating the police in Bournemouth on dealing so effectively with people who break the law, by arresting them in greater numbers? I understand that there are quite ambitious plans to improve the number and the quality of police cells in Bournemouth through a scheme that is being worked up. As I understand it, across the whole police force, 83 police cells will eventually be available. The police have to make an assessment about the facilities that they can afford and that are needed at any particular time, but with plans for more cells to be available and the kind of activity the hon. Gentleman outlined with regard to arresting offenders, his police force seems to be going in entirely the right direction.

Probation Service

2. **Mr. Neil Gerrard** (Walthamstow) (Lab): If he will make a statement on progress with the planned changes to the structure and role of the probation service. [59222]

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): We are preparing legislation to restructure the probation service, which we will bring forward as soon as parliamentary time allows.

Mr. Gerrard: In the consultation on the proposals, four out of 749 responses were in favour of the restructuring proposed. Is it not a fact that most people were in favour of many of the other proposals in that consultation document to do with the need for partnership working, inter-agency working and so on? Would it not be better to concentrate on the aspects that have support than on the issue of contestability, which will end up with staff in the probation service not supporting what we are trying to do?

Fiona Mactaggart: The hon. Gentleman is right that many of the proposals had widespread support. In particular, the concept of end-to-end offender management is almost universally supported as one of the tools that we need in order more effectively to protect the public. We will shortly publish the full report on the responses and Members will then see how we are taking forward the issues that we have identified. However, I have to say to the hon. Member—[HON. MEMBERS: "Friend."] I thank hon. Members for the kind reminder. I have to say to my hon. Friend that we remain of the view that ensuring that the services delivered meet the identified needs, which is one of the key issues in contestability, will more effectively deliver probation services.

Mr. Edward Garnier (Harborough) (Con): The Minister knows that hardly a week goes by without another terrible crime being committed by someone released early from prison. Why does not the Minister provide the probation service and the National Offender Management Service with real political leadership and effective and strategic management? We do not need more legislation. We need the Minister to lead that increasingly demoralised service from the front. When will she get on with that?

Fiona Mactaggart: The hon. and learned Gentleman is right to point out the shocking cases where we have failed to protect the public properly, and he is right to say that it is necessary for the ministerial team to lead the service from the front. That is why my right hon. Friend the Home Secretary commissioned Her Majesty's chief inspector of probation to produce a report following the tragic incident in which Messrs. Hanson and White were responsible for the murder of John Monckton. We have committed ourselves to implementing in full all the recommendations of Her Majesty's chief inspector, and we will make another report to the House about further action that we will take to improve public protection.

David Taylor (North-West Leicestershire) (Lab/Co-op): Is it not the case that the proposals that the Government are considering were taken wholesale out of the Carter report, and that without any consultation, debate or testing, they plan to implement them without reservation? Is that not a fragile base for major restructuring, and does it not sound the death knell of a publicly accountable probation service in its 100th year?

Fiona Mactaggart: I do not quite understand what my hon. Friend is claiming, because he will have heard his hon. Friend the Member for Walthamstow (Mr. Gerrard) speak earlier about our having received more than 700 responses to our consultation and the fact that we will shortly publish that. A claim that we are ramming through reforms willy-nilly without public consultation on them is frankly not well founded.

I suggest that my hon. Friend awaits publication of the results of the consultation, which will give a clearer direction on how we plan to implement the proposals, and also the forthcoming publication of the contestability prospectus, which will show how we intend to roll out change so that we can ensure that we get the best of being able to offer these services to public contest and not merely decide that we know all the answers before we put them into practice.

Police Restructuring

3. **Mr. Mark Francois** (Rayleigh) (Con): What representations he has received on the proposed merger of the Essex police with neighbouring forces; and if he will make a statement. [59224]

The Secretary of State for the Home Department (Mr. Charles Clarke): The Home Office received a business case from Essex police force and police authority in December, as well as a large number of other submissions, including, recently, a letter from a number of Members of Parliament, including the hon. Gentleman, to which I shall reply today. Since then, Home Office officials, together with experts, have been assessing the various options outlined in that business case to determine which are operationally and financially the most viable.

Those assessments are now complete, and based on them, I announced earlier today by way of written ministerial statement that I am minded to merge Essex with Hertfordshire and Bedfordshire to form a strategic force. I am meeting representatives today from those forces and authorities to consider taking forward the option for police that will in my opinion be of greatest benefit to their communities. I will invite the police authorities concerned to respond by 7 April and will then make a final decision on how to proceed in these areas. Clearly, we will continue to have discussions with all key stakeholders, including Members of this House.

Mr. Francois: There will be both anger and dismay in Essex at today's announcement, not least as it transpires that both Kent and Hampshire are being allowed to stand alone, but apparently not us. Can the Home Secretary confirm that the police authorities of Bedfordshire, Hertfordshire and Essex have offered him a voluntary merger on a Beds and Herts and Essex stand-alone basis? Why did he reject that voluntary offer, which was put to him directly by the police authorities themselves?

Mr. Clarke: As I said, I will discuss later today with representatives of the police authorities and the forces the options for the region. In particular, the reason why we decided on advice from Her Majesty's inspectorate of constabulary not to go along the line of the Beds-Herts voluntary merger, along the lines the hon. Gentleman suggests, is that its professional assessment is that such a force would not have the capacity to deal with the protective services level that is necessary to protect their people, and by extension, people of the wider region, including those in Essex.

Andrew Mackinlay (Thurrock) (Lab): As the only Labour Back Bencher in Essex, may I say to the Home Secretary that I hope he will think again and acknowledge that there is still an opportunity for me and others to persuade him? The inspectorate would not have taken into account wider Government policy on the Thames Gateway. As a Back Bencher, I am sick and tired of trying to support the ODPM's policy for a Thames Gateway, only to see other Departments go in

the opposite direction. I have had enough. I think it is time we had a coherent policy from this Government, so that they sing from the same song sheet as they expect me to do. I think it is time we had one Essex—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I think the hon. Gentleman was as well to quit when he was ahead.

Mr. Clarke: I shall certainly try to keep going, even if I am not ahead.

The fact is that we made it clear from the outset that our strong preference was to respect Government offices for the regions boundaries in the reorganisation that we did. I say to my hon. Friend that that was one consideration about looking at the Thames Gateway approach, as he advocated. I can give him the confirmation that he wants. We are now in the process of going down a line that could take up to four and bit months for people to make their representations about the proposals that we have. I have no doubt that representations will be made; he has just indicated that he will be among those making representations. Of course, I shall take those representations seriously before coming to the final decision and laying an order before the House.

Mr. Simon Burns (West Chelmsford) (Con): Many people find it difficult to believe that the Home Secretary will take representations fully into account, because they regard his decision today as completely ignoring the numerous representations against the proposals that his Department has already received. Will the Home Secretary give me a categorical answer to this narrow question: if Essex were to have a properly run referendum on whether it should remain as a stand-alone authority or whether it should be merged, and there were an emphatic vote for a stand-alone police force, would the Home Secretary be prepared to accept the verdict of the people of Essex?

Mr. Clarke: I can give the hon. Gentleman a categorical answer, which is no. It is my duty to consider policing protection for the whole of the country—for Bedfordshire and for Hertfordshire as well as for Essex—and that is the basis on which I will examine all the proposals. That is the basis on which I considered the Essex situation, and it is the basis on which I consider all the situations. I assure the hon. Gentleman that whatever views are expressed, I shall take them seriously, but when I consider the policing of the country, I will not be bound by a proposal to hold a referendum in a particular force area that does not look at the wider needs of the whole community.

Bob Russell (Colchester) (LD): Will the Home Secretary explain the logic by which Kent on one side of the Thames should remain as a single force while Essex on the other side should be amalgamated with Bedfordshire and Hertfordshire, when there is no logical community of interest between, for example, Colchester and Leighton Buzzard? If the case for Essex is as good as that of Kent, why is Kent being left as a stand-alone force while Essex is not?

Mr. Clarke: I can explain the logic, which I am sorry that the hon. Gentleman has not grasped. In the south-eastern region, in which Kent is located, there is one set of relationships between forces and their capacity to deal with protective security, and there is another set of relationships in the eastern region. The decision did not involve a comparison between Essex, Kent, Hampshire or any other force; it involved looking at the overall protective security requirement for policing in each Government office region, which is the appropriate and correct stance for us to take.

Nick Herbert (Arundel and South Downs) (Con): Just more than a year ago, a joint Home Office-strategy unit report warned that

"Evidence from other sectors suggests that merger can be a costly, protracted exercise which does not always deliver expected benefits and inevitably causes distraction for management and staff".

Why has the Home Secretary ignored the warning in his own report?

Mr. Clarke: I am sure that the hon. Gentleman will be surprised to hear that I regard the considered view on policing of Her Majesty's inspectorate of constabulary as carrying greater weight than that of the Prime Minister's delivery unit, however expert it may be. *[Interruption.]* I am sorry, but that is my duty as Home Secretary. By the way, the Prime Minister's delivery unit would not claim to conduct a rigorous assessment of policing in the same way as Her Majesty's inspectorate of constabulary. My job—as I have done it—is to ask Her Majesty's inspectorate of constabulary to make its assertions, which is what it has done and which is where we stand.

Neighbourhood Policing

4. **Mr. Iain Wright** (Hartlepool) (Lab): If he will make a statement on the neighbourhood policing pilot schemes. [59225]

The Minister for Policing, Security and Community Safety (Hazel Blears): All 43 neighbourhood policing basic command unit pathfinders—there is one in every force—are making good progress in developing and implementing locally specific models for neighbourhood policing, and they are supported by an Association of Chief Police Officers-led neighbourhood policing programme team.

Mr. Wright: Next Thursday, I shall launch the neighbourhood policing pilot model in Hartlepool. [HON. MEMBERS: "Hear, hear."] Thank you. As part of that pilot, we will get an additional 36 police officers, which will help to reassure the people of Hartlepool. In order to maximise such reassurance, however, the public need to be confident that they can get hold of those additional officers. What steps will my right hon. Friend take to ensure that the punters on my patch can get hold of local police teams?

Hazel Blears: My hon. Friend has a long, consistent and proud record of campaigning on crime, disorder and antisocial behaviour in his constituency. I know that he will be delighted that his area is one of the pathfinders for the programme and understand that 15 ward-based teams and three support teams will be in

place by 3 April. All the details of the dedicated neighbourhood officers will be publicised in advance, so the public will know who those officers are, how to contact them and how to have their say on local priorities in Hartlepool.

Derek Conway (Old Bexley and Sidcup) (Con): The Minister will understand why those of us with a suspicious mind think that this roll-out may have something to do with the elections on 4 May. The trial schemes that we have had in Bexley from the Metropolitan police are very welcome, but we need the assurance that these are not notional jobs and that real policemen are to be allocated to these schemes, which are then left in place. In practice, we have seen that they are sometimes taken away and so become somewhat fictitious.

Hazel Blears: I had the pleasure of visiting Bexley just a week or so ago. I assure the hon. Gentleman that that is no coincidence in terms of the local elections. In the past few weeks I have also been to Barnet and to Hackney to see the safer neighbourhood teams. There are now 285 safer neighbourhood teams across London, and there will be teams in every ward by the end of April. I can tell the hon. Gentleman that they comprise real, substantial police officers and that they form part of the extra 14,000 police officers whom the Government have introduced, together with the extra 6,000 community support officers whom we have introduced and funded.

Kerry McCarthy (Bristol, East) (Lab): I very much welcome the fact that in my constituency a neighbourhood policing pilot area is due to start shortly, and I welcome the extra police officers and police community support officers whom we will get as part of that. Is the Minister aware, however, that people from ethnic minority communities who have worked for the local council as neighbourhood wardens are proving reluctant to move over to become police authority employees as PCSOs, and does she have any plans to address that issue?

Hazel Blears: I am delighted that so many Members are now experiencing the benefits of neighbourhood policing. The particular issue that my hon. Friend mentions has not been raised with me, but I will certainly look into it. I am delighted not only that many of our PCSOs are members of a variety of ethnic minority communities, but that a much higher proportion of them are women than is the case among police officers. PCSOs therefore represent a good way in which to get extra diversity into our police service.

Angela Watkinson (Upminster) (Con): The Metropolitan police has announced that in order to complete its safer neighbourhood team project and have a community police team in every ward this year, it will be necessary to transfer a significant number of officers from serious crime squads in the capital. These are both important priorities. Does not the Minister agree that instead of robbing Peter to pay Paul, it would be better to cut bureaucracy and paperwork?

Hazel Blears: I think that the hon. Lady will acknowledge that the safer neighbourhood teams comprise additional officers and additional police community support officers and that they are extra resources for the people of London to ensure that they have very good, dedicated local neighbourhood policing. Clearly, serious crime must also be dealt with, and I have no doubt that the Metropolitan police is doing just that. In terms of tackling bureaucracy, the hon. Lady will know that we have not only abolished a whole series of forms but introduced video identification, which is saving police officers thousands of hours of officer time. The introduction of fixed penalty notices has also saved a huge amount of officer time and led to much more effective policing.

Kurdish Asylum Seekers

5. **Mrs. Siân C. James** (Swansea, East) (Lab): What UK immigration policy is on returning failed Kurdish asylum seekers to Turkey. [59226]

The Minister for Immigration, Citizenship and Nationality (Mr. Tony McNulty): The UK immigration policy on returning asylum seekers to Turkey is the same as elsewhere. All failed asylum seekers from Turkey who have exhausted their appeal rights are expected to leave the UK. If they do not, we consider it entirely reasonable for us to enforce the return of that individual where it is safe to do so.

Mrs. James: I thank my hon. Friend. I have given him advance notice of my question about the case of Mrs. Ayse Siringul. Mrs. Siringul is a Kurdish asylum seeker from Turkey who has suffered severe abuse in that country and very poor treatment here in Britain. She is making a valuable contribution to her local community in Swansea, East, and I would be extremely concerned about her and her children's welfare should they have to return to Turkey. I should be grateful if my hon. Friend would look again at this case.

Mr. McNulty: I thank my hon. Friend for giving me notice of the case. She will know that I am unable to discuss the specific case of an individual at the Dispatch Box. However, I am aware of the background and I will write to my hon. Friend in due course about the points that she raises.

Mr. Nick Clegg (Sheffield, Hallam) (LD): In view of the Government's intention to reintroduce the obligatory use of vouchers for failed asylum seekers, can the Minister clarify what has happened since April 2002, when the use of those vouchers was scrapped by the then Home Secretary, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), who described them as

"too slow, vulnerable to fraud, and felt to be unfair by asylum seekers and local communities"?—[*Official Report*, 29 October 2001; Vol. 373, c. 627.]

Mr. McNulty: As ever, the hon. Gentleman, who speaks for the Liberal Democrats, is wrong. He should read things other than *The Guardian* and get a life. We are not reintroducing vouchers. From April 2005, when section 4—a prelude to removal from the country—support was introduced, it came with vouchers. The amendment that the House of Lords passed and that we will discuss when we consider the Immigration, Asylum and Nationality Bill would provide for far more flexibility than simply granting vouchers for food and

accommodation. It would expand provision to support in kind and for goods and services, which is more than sufficient for the extremely limited group of failed asylum seekers who are on section 4 support. The hon. Gentleman should not talk about the reintroduction of things when he clearly does not know what was introduced in the first place.

Rob Marris (Wolverhampton, South-West) (Lab): I urge my hon. Friend to be careful about returning asylum seekers to the Kurdish part of Turkey, given that the Turkish Government have a long way to go on human rights, especially for Kurds, and because of the concerns that Amnesty International, among others, has raised about article 301 of the penal code and the restrictions that that places on peaceable democratic dissent in Turkey, especially from the Kurdish community. Will he assure me that he will reconsider the position of the Kurdish community in Turkey given the human rights situation?

Mr. McNulty: I thank my hon. Friend for returning us to the question—that was kind of him. On a country-by-country basis, we always keep our information about minorities under review. In the context of the 1951 convention, the individual circumstances and history of each case are paramount in determining not only the asylum claim but whether, if the claim fails, it is appropriate to return individuals to their country of origin.

Mr. Julian Brazier (Canterbury) (Con): Does the Minister accept that there is some inconsistency in our considering asylum cases and sometimes granting asylum to Kurdish and other Turkish citizens while supporting Turkish accession to the European Union? How, in principle, could a common arrest warrant apply if Turkey was a member of the EU?

Mr. McNulty: Unusually, the hon. Gentleman confuses six different aspects of Government policy. I hope that he takes a generous view of all six.

Voluntary/Community Organisations

7. **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): What steps he is taking to support the work of voluntary and community organisations. [59228]

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): Government support for the voluntary and community sector is at record levels. We will continue to work closely with the sector in promoting a wide range of activity, including volunteering, civil renewal and public service delivery.

Jim Sheridan: I am sure that my hon. Friend acknowledges the good work of all our voluntary organisations in our communities. Perhaps one way to encourage them is through accommodating volunteers in the honours system. Will he consider early-day motion 1324, in my name, which unfortunately has little support from the Opposition parties? It encourages the recognition of volunteers in organisations and communities by the honours system.

Paul Goggins: As an assiduous reader of early-day motions, I have had the opportunity of reading early-day motion 1324. I appreciate that it reflects a strong view that people in, for example, sport, have already had their reward financially and through fame, and that the genuine heroes are the army of volunteers who work in my hon. Friend's community and those of all hon. Members. The answer is that both categories deserve recognition. I am delighted that, nowadays, half those who receive public honours do so on the recommendation of ordinary members of the public. That is welcome. However, people who volunteer do not do that for the reward but for the difference that they make.

Mr. Andrew Turner (Isle of Wight) (Con): I agree with the Under-Secretary's last comment. The Public Accounts Committee report criticised the yearly bidding round for grants as wasting the time of staff in both the Department and voluntary organisations in putting together applications. The bidding round was also criticised on the ground that the annual uncertainty led to voluntary organisations losing staff. The report concluded:

> "The Home Office has a lead role in promoting good practice in engaging with the voluntary sector and yet some 72 per cent. of its own funding contracts are for less than one year."

Why?

Paul Goggins: The Public Accounts Committee is right to say that the Home Office has a lead role in supporting and encouraging the voluntary and community sector. I also agree with its recommendation that we all need to think more long-term about the grants that we give to support voluntary organisations. Sometimes, grants are given for specific time-limited projects, but it is still important that we should think long-term. That is why we are introducing the compact, and the compact commissioner, who will oversee the relationship between public funders and voluntary organisations. That will provide the long-term sustainability that the hon. Gentleman seeks.

Identity Cards

8. **John Barrett** (Edinburgh, West) (LD): What discussions he has had with the First Minister of Scotland on the introduction of identity cards. [59229]

The Parliamentary Under-Secretary of State for the Home Department (Andy Burnham): My right hon. Friend the Home Secretary meets his colleague the First Minister regularly to discuss a range of issues, including identity cards. It has always been for the Scottish Executive and Parliament to decide whether ID cards should be used for accessing devolved public services, and the First Minister and my right hon. Friend are entirely in agreement on that.

John Barrett: The Minister will be aware that the devolved Executive have stated clearly that they do not wish to use identity cards for access to devolved services. Will further meetings be arranged to find out the true feeling of the Scottish Executive and of the Scottish people, who would prefer to spend their money not on this expensive scheme but on additional police and security services? Will the Government accept the will of the public and of the majority of Members in this House, who believe that the ID card scheme is fatally flawed?

Andy Burnham: As the hon. Gentleman knows, the Home Office is always assiduous in its research. In answering his question, I can go the extra mile and be even more authoritative, because I visited the Gyle shopping centre in his constituency on 14 September with the biometrics roadshow. If he will permit me, I will read the first three entries in the public comments book from that day.

"Good demonstration, and it worked."

"Great idea. Wonderful demonstration."

"It is good to see new technology being utilised for something that is so useful to our society."

I am sure that the hon. Gentleman speaks for his constituents with authority, but I, too, have consulted them, and there is strong support among them for our proposals.

Violent Crime

9. **Mr. Stewart Jackson** (Peterborough) (Con): What assessment he has made of the trends in the level of violent crime recorded by the police over the last five years for which figures are available. [59230]

The Minister for Policing, Security and Community Safety (Hazel Blears): Total violent crime recorded by police in England and Wales rose from 703,000 in 1999–2000 to 1,185,000 in 2004–05. However, the introduction in April 2002 of the national crime recording standards and of more proactive policing practices has had the effect of increasing recorded violent crime. The British crime survey, which gives a better indication of trends over time because it has measured crime in a consistent way, shows a fall in violent crime of 30 per cent. between 1999 and 2004–05.

Mr. Jackson: Two months ago, the Prime Minister said:

"Crime figures are the measure of whether this Government is succeeding or failing".

Violent crime has risen by 96 per cent. since 1998, and there are now more than 1 million violent crimes committed each year. When will the Government tackle this problem effectively instead of relying on short-term political gimmicks and wasting millions of pounds of taxpayers' money on unwanted police mergers?

Hazel Blears: I thought that I had made it clear that the British crime survey found that violent crime had come down by 30 per cent. The British crime survey has been going for 25 years, so it is not a short-term gimmick. Operation Eagle ran in the hon. Gentleman's own constituency recently as part of the alcohol enforcement campaign. This involved a dedicated team of officers focusing on violent crime and drunk and disorderly behaviour in order to make Peterborough a safer place for people to live in by tackling those problems. Does he regard that as a short-term gimmick, or does he welcome the fact that dedicated, focused policing is reducing violent crime in this constituency?

Margaret Moran (Luton, South) (Lab): Does my right hon. Friend agree that the increase in reported crime in Luton is actually a success story in regard to domestic violence—if there can be such a thing? Following the introduction of the domestic violence courts and the doubling of the number of police in the domestic violence units, victims are now confident to report violent crime and to see its perpetrators being caught. But is she aware of the growing concern, as evidenced in my casework, about victims of violence associated with forced marriage? Will she ensure that the police are trained to deal with that form of violent crime, as well as increase the training to combat domestic violence?

Hazel Blears: My hon. Friend has a proud record of campaigning on domestic violence and crimes against women in particular. I confirm that we take those issues extremely seriously and are currently involved in a campaign to highlight issues around forced marriages. It is fair to say that some police forces have more extensive experience of those issues than others, and I encourage them to share that good practice to make sure that the police are able to respond rigorously.

Mr. Rob Wilson (Reading, East) (Con): The Minister will be aware that four of the gang responsible for the murder of my constituent, Mary-Ann Leneghan, a 16-year-old, were under probation supervision at the time of the killing. In those circumstances, will the Home Secretary promise a full independent inquiry into what went wrong with the system and the supervision of those murderous young men?

Hazel Blears: Clearly, this is a matter of the utmost concern, not just to the families involved but to all of us. It is very important that we have a system that provides proper protection to the public. My right hon. Friend the Home Secretary will address that issue, together with others, in a statement to be made in the near future. It is important that we understand how to tackle them and make sure that people are protected. The hon. Gentleman has properly raised serious concerns, and the Department wants to make sure that it responds.

David Davis (Haltemprice and Howden) (Con): When the Home Secretary initiated his Statistics Commission review of crime I had hoped that we would see an end to the Government burying their head in the sand about the increase in violent crime. The simple truth is that it is not a statistical artefact; our constituents witness it day in, day out in their towns and cities, and it is not a mirage. The doubling of gun crime is not a mirage. The increase in knife crime is not a mirage. The 35 per cent. increase in murder is not a mirage. When will the Minister recognise that violent crime is on the increase? Most importantly, will she tell the House what she thinks is the cause of that increase?

Hazel Blears: The right hon. Gentleman paints a picture that is simply not true in many respects. In relation to gun crime, he will know that the number of fatalities has decreased. He will also know that the Violent Crime Reduction Bill contains strong measures to tackle gun-related crime, including a ban on imitations, the use of which has increased. I hope that his party will support us in those measures. He will also be aware that we are introducing a nationwide knife amnesty, and, again, the Violent Crime Reduction Bill contains further powers to tackle knife crimes. In relation to the recent alcohol enforcement campaign, he

will know that violence decreased by 11 per cent. in the areas taking part, due to good, early intervention, proactive policing and good tactics to tackle violent crime. The right hon. Gentleman does a disservice by painting a picture that is not a true reflection of the facts. We are constantly struggling to make sure that we tackle violent crime and make our streets safer.

David Davis: I have listened to the Minister give an incredibly selective set of statistics. Let me give her a single figure: the 35 per cent. increase in murder, leaving out the Dr. Shipman murders, since the Government have been in power. What she said does not answer that. The Government got elected on the phrase, "Tough on the causes of crime". Two of the primary causes of violent crime in this country are drugs and alcohol, but this Government's policy on drugs and alcohol is out of control, which is why violent crime is spiralling out of control. What are they going to do about it?

Hazel Blears: Everyone in the House, and across society, will be concerned about homicides and murders, which are crimes of the utmost seriousness. As I am sure that the right hon. Gentleman would agree, we have one of the lowest murder rates compared with many other countries. We also have some of the toughest gun laws across the world. That is internationally acknowledged. I am also afraid to say that both he and his party predicted that we would see mayhem on our streets and an explosion of violent crime as a result of the liberalisation of the licensing laws, but the reverse has been the case. There has been an 11 per cent. reduction in violent crime, because thousands of young people are not spilling out on to the streets at the same time. We have well-managed town centres with good, effective policing, and I would like him to acknowledge that.

Hooliganism (World Cup)

10. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): What assessment he has made of preparations to prevent football hooliganism by British fans at this summer's World cup. [59231]

The Secretary of State for the Home Department (Mr. Charles Clarke): I recently received a detailed assessment of the comprehensive multi-agency preparations that will be in place for the World cup. They will include an extensive policing operation at home and abroad, including the deployment of police officers and prosecutors in Germany. Co-operation with the host authorities is excellent, and I recently signed an agreement with Herr Schäuble, the German Interior Minister, regarding UK-German governmental, police and judicial co-operation.

A great deal has been achieved in recent years. Levels of English football disorder have fallen dramatically, and I am satisfied that everything possible is being done to prevent disorder in Germany.

Mr. Hands: The Home Secretary says he is confident that everything possible is being done, but I fear that the Government are sleepwalking into disaster this summer. Does the Home Secretary agree that one of the most important steps that could be taken would be for the Germans to suspend the Schengen agreement temporarily, as happened during Euro 2004 in Portugal, so that fans going in and out of Germany—whether law-abiding or otherwise—could be subject to proper border controls?

Mr. Clarke: That is a matter for the German Government. The Schengen agreement allows particular security provisions to be applied at national borders within the Schengen area, but, as I have said, that is a matter for German Ministers and not for me.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): The question refers to "hooliganism by British fans", but surely the reference should be to hooliganism by English fans, as everyone knows that Scottish fans are a perfect joy. *[Interruption.]* Let me tell those who are remarking that Scotland has not qualified that qualification for the World cup is now a devolved responsibility.

Has the Minister been watching the Commonwealth games, at which the anthems of Scotland, England and Wales have been played? Has he noticed that none of those countries use "God Save the Queen"? That is because they distinguish between nationalities. Would it not be appropriate for England to have its own anthem?

Mr. Clarke: I am grateful to my hon. Friend for allowing me to point out that I referred to English fans in my answer, although the question referred to British fans, because I was particularly sensitive to the point that he has made. I am well aware of the famous sporting achievements of Scottish sportspeople, for example in curling, and I hope that they will take place more widely.

Police Restructuring

11. **Mr. David Jones** (Clwyd, West) (Con): What recent discussions he has had with Welsh police authorities on proposals for restructuring police forces in Wales. [59233]

The Minister for Immigration, Citizenship and Nationality (Mr. Tony McNulty): The Home Secretary has met the chief constables and chairs of all four police forces and authorities in the Welsh region. The purpose of those discussions has been to proceed with the option that will be the most effective in protecting the people of Wales, namely a single strategic force for Wales. We will continue to have discussions with all key stakeholders in Wales.

Mr. Jones: As the Home Secretary has announced twice that he intends to proceed with the all-Wales option despite the opposition of the Welsh police authorities, what is the purpose of the consultation? Could anything possibly be said by the Welsh authorities that might change the Home Secretary's mind, or is this simply an exercise in window-dressing?

Mr. McNulty: Not unusually, the hon. Gentleman's opening premise is entirely wrong. The Home Secretary's initial written ministerial statement triggered a four-month consultation, which is currently taking place. When it has ended, my right hon. Friend will present his view to the House.

The consultation is serious, and all stakeholders—including the hon. Gentleman, perhaps on the right premise rather than otherwise—should take part in it.

12. **Mr. Mark Hoban** (Fareham) (Con): What recent representations he has received on his proposals to amalgamate police forces. [59234]

The Minister for Policing, Security and Community Safety (Hazel Blears): Unsurprisingly, the Home Secretary has received a substantial volume of letters and views from police forces and individual officers and staff, from police authorities and their members, from local government associations and members, and from members of the public. We continue to have discussions with all the key stakeholders.

Mr. Hoban: I am grateful to the Home Secretary for listening to representations from Hampshire and I am glad that Hampshire will remain a stand-alone force, but will the Minister assure us that where mergers are forced through, there will be enough support for them to ensure that resources are still spent on front-line policing and not diverted to meeting the considerable set-up costs of the merged forces?

Hazel Blears: Even where forces stand alone, it will be absolutely vital for them to carry out a thorough assessment of their services to ensure not only that they can provide really good local neighbourhood policing, but that they can enhance their protective services capability, so that they can be certain that they can cope with increased threats from serious and organised crime, and can counter terrorism and ensure public order. We are absolutely determined that every strategic force in the country will be able do both those parts of policing extremely well and to the best of their ability. That is what the public expect.

Mr. Jim Cunningham (Coventry, South) (Lab): Can my right hon. Friend assure us that these amalgamations and mergers will lead to better police response times, particularly in Coventry and the rest of Warwickshire?

Hazel Blears: The police authority amalgamations are designed to ensure not only that we can cope with the threat from serious crime, but that local neighbourhood response is improved. We want to ensure that local neighbourhood police officers are not drawn away from the front line to deal with serious incidents. My hon. Friend may be aware that we are introducing national call-handling standards from November this year. That will be the first time that members of the public have had such standards, and they can expect the police to respond in timely manner to their concerns.

Sir Patrick Cormack (South Staffordshire) (Con): Does the Home Secretary believe that he is infallible and, if not, why does he not listen to local people?

Hazel Blears: The Home Secretary is absolutely determined—*[Interruption.]* I was not going to say that he is absolutely infallible; I doubt whether there is such an expression. He is a man of great wisdom and he will be assiduous in ensuring that he takes into account all the representations made to him. As the hon. Gentleman of course knows, when proposals are made they are subject to a four-month consultation period during which people can make representations. All such representations will be properly considered before final decisions are taken and orders are laid before this House.

Mr. David Kidney (Stafford) (Lab): Staffordshire is an early candidate for a merger with the west midlands regional force—probably the second biggest in England—just as we are developing a county-wide community policing system. That system is very welcome, especially in rural areas, as I saw last Friday when I walked the beat with PC Ellie Sewell in Wheaton Aston. Can my right hon. Friend assure me that those large regional forces will not draw police officers away from very important community work in rural areas?

Hazel Blears: I can certainly give my hon. Friend that assurance, which is not merely warm words. We are putting £88 million into neighbourhood policing this year and £350 million next year, to make sure that we recruit the 24,000 community support officers who will form an integral and essential part of the neighbourhood policing teams. The amalgamation of forces will enable us to respond to serious crime and to ensure that the neighbourhood policing teams are not drawn away from the front line, which is exactly where the public in my hon. Friend's constituency want them to be.

Mr. Keith Simpson (Mid-Norfolk) (Con): In his statement today, the Home Secretary is proposing amalgamating the Norfolk constabulary with Cambridgeshire and Suffolk. That gives rise to a raft of questions, not least whether the new force is to be known as the North Anglia constabulary. When will the Home Secretary produce some firm proposals on, for example, political responsibility? When will we know the size of the police authorities and whether the figures will change? When will we know about resources and who is to be the chief constable? As yet, we have no information on those fundamental questions.

Hazel Blears: Those are perfectly proper questions and we will discuss those important issues, about which the public are also concerned, with the chairmen and the chief constables in the forthcoming period. I am pleased to say that Norfolk, Suffolk and Cambridgeshire have a history of collaboration, and I am sure that the amalgamation will work well. As we have pointed out, we want to ensure that every top-tier local authority has a place on the new strategic police authorities, and that there is a strong connection between the authorities' democratic element and their local communities. All those issues will be discussed and scrutinised properly as we take this matter forward.

Sudanese Asylum Seekers

13. **Lynda Waltho** (Stourbridge) (Lab): What steps he has taken to support those who have fled from atrocities in Darfur to the UK. [59235]

The Minister for Immigration, Citizenship and Nationality (Mr. Tony McNulty): All applications for asylum, including those from Sudanese nationals from Darfur, are considered case by case. We will grant

asylum or other forms of protection to those who are found to need it. As with all nationalities, Sudanese Darfuris applying for asylum in the UK are supported by the National Asylum Support Service for the duration of their asylum claim, where they meet the requirements for such support.

Lynda Waltho: I thank my hon. Friend for that answer, although I wonder whether the support may be too limited. Has he considered working with the Department of Health to provide or create a specialist health centre that could assist with assessing the physical and mental needs of survivors from Darfur and any future survivors of war crimes and crimes against humanity?

Mr. McNulty: I take my hon. Friend's point extremely seriously, but we feel that, as and where such support is necessary, it is provided around the country via the national health service, rather than there being one central location.

Early Release (Risk Assessment)

14. **Mr. Andrew Mackay** (Bracknell) (Con): If he will make a statement on the risk assessment of offenders who are being considered for early release from custody. [59237]

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): For prisoners who are eligible for release on parole or life licence, the Parole Board is required to conduct a thorough assessment of risk, considering reports prepared by the probation service and the Prison Service and other experts such as psychologists and psychiatrists. Its overriding duty is to protect the public.

Prisoners who have been convicted of the most serious sexual or violent offences are deemed unsuitable for early release on the home detention curfew scheme. Those who are eligible are subject to a careful risk assessment, undertaken by the prison governor.

Mr. Mackay: I am sure that the Minister will agree that there have been too many horrendous cases recently involving people who have been released early from prison, which has caused the public to lose confidence. What are the Government going to do about that?

Fiona Mactaggart: The right hon. Gentleman is quite right to say that those cases have caused real concern—rightly so. That highlights the importance of our delivering effectively on our duty to protect the public. We are using three key tools to improve the situation. First, there are the new sentences under the Criminal Justice Act 2003, which includes extended public protection sentences and indefinite sentences for public protection. Some 728 of the first type of sentence have already been passed since April 2005, and 679 of the other type. Secondly, there are improvements in our risk assessment system—the offender assessment system, or OASys, tool—and, thirdly, there is better management of risk by probation officers in the community.

Security Guard Companies

16. **Mr. Eric Illsley** (Barnsley, Central) (Lab): If he will make a statement on the Security Industry Authority approved contractors scheme for security guard companies. [59239]

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): I announced the details of the Security Industry Authority approved contractor scheme on 16 February. The ACS should become a symbol of quality that will indicate to prospective clients and their insurers that an ACS firm conforms to industry standards.

Mr. Illsley: I am grateful to my hon. Friend for his response. In authorising that approved contractor scheme, he also gave authorisation for other existing schemes to be able to passport through authorisation for companies to operate in this field, but it appears that the Security Industry Authority has precluded any other approval company from operating in the sector because of its insistence that every other scheme complies with every aspect of its own scheme. Will he consider that matter again with a view to allowing the other schemes entry into the area, as he first envisaged?

Paul Goggins: My hon. Friend is something of an authority in this subject and I would be happy to consider his point more carefully, but he is aware that, after considerable consultation, we put in place the approved contractor scheme, which can be reached in two different ways: either by using the Security Industry Authority handbook or through other existing standards. The important thing is to make sure that we have a high level of quality in the security industry as a whole. As a result, those who are on the ACS are able to deploy a small number of their staff, pending the issuing of their licence. However, I am happy to consider his suggestions and have some further discussion with him.

Custodial Suicides

17. **Mr. Mark Lancaster** (North-East Milton Keynes) (Con): What assessment he has made of the trend in the number of suicides of those held in custody over the last five years. [59240]

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): Suicide rates in prisons are falling at present and the reduction in the number of self-inflicted deaths is demonstrated by a reduction in the three-year rolling average. The number of self-inflicted deaths this year is lower now than in 2000–01 and we expect the total number of deaths this year to have fallen for the third consecutive year.

Mr. Lancaster: Why do local male prisons house just 35 per cent. of the prison population, yet account for 60 per cent. of suicides?

Fiona Mactaggart: That is partly because of the throughput. We know that the greatest moment of risk for the self-inflicted death of a prisoner is in the early days—the first few days—in prison. That is one of the reasons why we have put so many resources into improving a prisoner's initial reception into a prison.

Local prisons of the kind to which the hon. Gentleman refers have the most receptions and are thus the prisons in which the highest number of people spend their first few days after admission. Those are the places where we really need—we have been putting a lot of effort into this—to step up our protection methods so that we reduce the distress that people feel following their receipt into prison and thus reduce the risk of them killing themselves.

Licensing Laws

18. **Hugh Bayley** (City of York) (Lab): What assessment he has made of the impact of the new licensing laws on drink-related crime and disorder. [59241]

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): The Home Office is currently evaluating the impact of the new Licensing Act on levels of alcohol-related crime and disorder in England. The final results will be available by the end of 2007.

Hugh Bayley: I congratulate the Government on introducing changes to the licensing regime, which have resulted in a significant decrease in drink-related crime and disorder in my constituency of City of York. Only a small number of people go out for a drink and then cause trouble, but will my hon. Friend consider widening the range of offences that can lead to a penalty of being banned from licensed premises?

Paul Goggins: I am happy to consider my hon. Friend's suggestion. The police and other agencies in his area should be warmly congratulated on the successful work that they did during the alcohol misuse enforcement campaign. I am sure that he will be delighted that during the six weeks of the campaign, alcohol-related violent disorder reduced by 20 per cent. in his constituency.

Mr. Philip Hollobone (Kettering) (Con): What assessment has the Minister made of the extent to which the powers in the 2003 Act to close premises that are linked to violent behaviour have been used since the law came into force?

Paul Goggins: We are still looking carefully at the emerging evidence. I assure the hon. Gentleman that those powers will be used by the police and licensing authorities when particular establishments are seen to be a focus of alcohol-related disorder. We will not tolerate that, and the powers are there so that the police and local authorities can act.

Police Restructuring

19. **Dr. Ashok Kumar** (Middlesbrough, South and East Cleveland) (Lab): If he will make a statement on progress with his plans for police force restructuring in the north-east. [59242]

The Minister for Policing, Security and Community Safety (Hazel Blears): The Home Secretary's ministerial statement of 3 March provided a further update on the position on restructuring, including his decision with respect to the north-east region. That instigates a four-month statutory consultation period and allows forces, authorities, and local authorities to comment on the Home Secretary's proposals. We will provide further support, through existing links with Her Majesty's inspectorate of constabulary and the Home Office, for all forces in the region in any preparations that they may wish to make in respect of implementation planning.

Dr. Kumar: I thank the Minister for that reply. When the final option has been considered by the Home Secretary—I think we all know that the option will be the one that he has outlined so far—will he be willing to put it to a referendum of the people of the north-east? After all, we had referendums on the mayor and the north-east assembly, so why should we not have one on such an important matter as police restructuring?

Hazel Blears: I understand the strength of feeling that my hon. Friend expresses on behalf of his community, but it is right and proper that we take into account the professional and expert advice that we have from HMIC on getting the right level of protective services for people in the whole of the region. It is important that we examine policing across England and Wales to ensure that we can respond to the serious threats that face us and establish neighbourhood policing—I am sure that he welcomes that in his constituency—that does not get abstracted to deal with serious incidents. I am afraid that I cannot promise my hon. Friend that he will get the referendum that he wants.

20. **Mr. Roger Gale** (North Thanet) (Con): What assessment he has made of the likely impact of his proposed police force amalgamations upon neighbourhood policing. [59243]

The Minister for Policing, Security and Community Safety (Hazel Blears): Since the beginning of the consultation process in September 2005, the Home Secretary has made it consistently clear that the main focus of restructuring the 43 police forces in England and Wales is to enable forces to provide the full range of protective services at level 2. This must be done while maintaining and enhancing neighbourhood policing at a local level in all police forces. The basic command unit will remain as the primary tool in ensuring that the Government pledge that neighbourhood policing is extended to all communities by 2008 is achieved.

Mr. Gale: The lead spokesman on neighbourhood policing of the Association of Chief Police Officers has expressed the view publicly that the introduction of the mergers of police forces is likely to distract attention and resources from neighbourhood policing and is likely to weaken the cause of the one element of the Government's policy that might just do something about antisocial behaviour. Given that the Home Secretary has indicated that he prefers to listen to the police rather than the Prime Minister's delivery unit, why is he not listening to the police about that?

Hazel Blears: We work extremely closely with Matt Baggott, the chief constable of Leicestershire, who is leading the neighbourhood policing programme team. He is doing an excellent job and he welcomes the

additional resources that this Government have put into neighbourhood policing—£88 million this year, £350 million next year and an extra 14,000 police officers over and above the number that the Conservatives were able to put into policing. I have no doubt that the amalgamations will enable us not only to tackle the serious nature of organised crime, but to enhance our neighbourhood policing teams, which are being established across the country. The hon. Gentleman will have heard from colleagues on both sides of the House how much they welcome that, and I am determined to keep our focus where the public want it to be.

Party Political Funding

3.31 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): With permission, I wish to make a statement on amendments to the Electoral Administration Bill. The Government intend to amend the Electoral Administration Bill, currently before the House of Lords, to make it compulsory for political parties to disclose any loans they receive. That is an issue that affects all political parties—*[Laughter.]* I hope that the Government, all the political parties of this House and the Electoral Commission will be able to work constructively together to find a solution that allows for transparency and fairness.

My intention is to achieve as great a transparency for loans made to political parties as applies to donations under the regime in the Political Parties, Elections and Referendums Act 2000. My right hon. and learned Friend the Secretary of State for Constitutional Affairs has today written to the leaders of all political parties represented at Westminster, and to the Electoral Commission, seeking their views on the elements of a reporting regime, including whether it should be retrospective. I have placed a copy of his letter in the Library of the House.

The Prime Minister has announced that Sir Hayden Phillips will conduct a review of the funding of the political parties. The terms of reference of the review were announced earlier today, and I have placed a copy in the Library.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I thank the Minister for her usual courtesy in giving me early sight of her short statement. I welcome the inquiry into the funding of political parties under Sir Hayden Phillips and the terms of reference to which she referred, a copy of which is in the Library. An inquiry was inevitable, given the revelations of the past few days, and we are happy to give our full co-operation to Sir Hayden. However, why is he undertaking the review and not the Electoral Commission? It seems inexplicable. The Government set up the commission to oversee such matters. The Minister knows that the commission has produced a report already on the funding of political parties and it has a credibility on the issue that, frankly speaking, no politician or civil servant is likely to match. Despite Sir Hayden's ability, surely the commission was the obvious choice.

Is the Minister able to shed any light on how it was possible for such large amounts of money to enter Labour coffers in loans without the full knowledge of Labour's leading figures? Perhaps it is understandable that the Deputy Prime Minister would not be told, but can it really be sustainable that the treasurer of the Labour party was not informed? Why were the fundraising activities—*[Interruption.]* I hear the words "purer than pure", but I do not think that we need to go back to those long-ago days. Why were the fundraising activities centred on 10 Downing street rather than Labour headquarters? Does not that raise concerns that civil servants may have been put into situations too close to politics, and not for the first time under this Government?

The only leading figure who knew what was happening was the Prime Minister. Does the Minister agree that he acted wrongly in not being open with his colleagues, his party and the country? His behaviour caused the crisis.

The Minister says that loans should be declared and she wants to change the Electoral Administration Bill—*[Interruption.]* I will treat that positively and co-operatively. However, that Bill was in the House for months and nothing would have been done if Jack Dromey had stayed silent.

Can the Minister explain why Sir Hayden is apparently to have so long—until the end of 2006—to report? Does not that mean that further changes to the law will have to wait for 18 months, given the timing of the Queen's Speech? Does she agree that the matter is urgent? Does she also agree that the review of party funding must include trade union donations, just as much as company and individual ones?

An important part of solving the crisis should be cross-party co-operation—sitting down together to work out a fair and transparent system of funding and how to take honours out of the funding of politics. The Minister knows that my right hon. Friend the Member for Witney (Mr. Cameron) is writing today to the Prime Minister and to the right hon. and learned Member for North-East Fife (Sir Menzies Campbell) suggesting such talks. Will the Government sit down with the Opposition and other parties to discuss the important proposals put forward by the Conservatives to clean up party political funding?

Bridget Prentice: I would have hoped that the hon. Gentleman could come to the House in a slightly more conciliatory fashion, given that my statement specifically says that we want all parties to be involved in the discussions.

The hon. Gentleman asks why Sir Hayden Phillips has been asked to conduct the review. The hon. Gentleman, like many Members, knows that Sir Hayden is an extremely well-respected and experienced civil servant, who has dealt with all parties and who will certainly look at the issue with a view to helping all parties to come to a proper conclusion.

The hon. Gentleman asks why the issue had not been included in the Electoral Administration Bill, but when discussions about party funding took place in 2000 no one in the House suggested that loans should be part of the Bill. That Bill is currently going through the House of Lords and we can include amendments to it this very week, so when he asks for urgency in the matter I can tell him that no one is acting with more urgency than the Government.

The hon. Gentleman asks that trade union donations be taken into account. He might want to reflect on the fact that not only trade union donations but donations from all sorts of individuals and institutions should be taken into account. He will remember that the Government prevented donations from people living outside this country ever being part of our party political system.

Finally, the hon. Gentleman asks why the report would be at the end of 2006. If it is possible for that timetable to be brought forward, no doubt it will be. However, I hope that in the spirit of co-operation, which

he remembered to mention towards the end of his questions, he will make sure—as we want to do—that every political party, the Electoral Commission and all the stakeholders involved have an opportunity to contribute properly, so that we reach a decision that will sit properly and benefit our democracy for the future—*[Interruption.]*

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The House should recognise that it is probably under very close inspection from the public where this matter is concerned. We do our reputation no good if we trade insults from either side. Before further questions are put, I remind the House that the Minister is here in her departmental responsibility, answering for her Department and not for any political party.

Simon Hughes (North Southwark and Bermondsey) (LD): From the Prime Minister's announcement of a general review of funding of political parties on Thursday to the Government's conversion to disclosure of loans to political parties on Monday is a welcome and, if I may say so, speedy direction of travel—even if Thursday's announcement was extremely late, given all the press that there has been in past years, hesitant, and made in undesirable circumstances.

I have four specific questions for the Minister, representing her Department. Does she and do her colleagues agree that loans are potentially much more significant in terms of influence on the political process than outright gifts, because people can renounce claiming them back or ask for them back, and therefore have much more influence during that process? Obviously, they need to be treated in the same way.

Do Ministers now agree that significant loans made in the past 10 years should all be disclosed? If that is not done, the public will not be able to judge what the link is between fees and funds on the one hand and favours on the other.Do Ministers now accept that in a modern, pluralist democracy, nobody should be able to buy their way into a seat in either of the Houses of Parliament? Do Ministers, from the Prime Minister downwards, agree that it is time that we converted the funding of political parties in Britain back to a system in which ordinary people influence and control political parties according to their interest and their commitment and not according to their wealth?

Bridget Prentice: I welcome the hon. Gentleman to his new position dealing with constitutional affairs.

Some people would ask why loans should be regarded as more significant than donations—after all, a commercial loan has an interest rate attached to it, so some would argue that a donation would be a more influential form of funding. However, Sir Hayden's review will take account of all of those issues.

The hon. Gentleman asked about publicising loans made in the past 10 years. I cannot say at this stage whether there will be retrospectivity—if that is the correct word— in that respect, but I understand that the Labour party is today publicising all those people who have given it loans. I hope that his party and the others in the House will do the same.

Finally, on the hon. Gentleman's question about anyone being able to buy a seat in this House or any other, we would all deprecate any suggestion of that happening.

Mr. David Winnick (Walsall, North) (Lab): I welcome what my hon. Friend has said today and recognise the changes in relation to political donations that the Government have brought about—changes that the Tories refused to make prior to 1997. Is it not essential at long last to separate the giving of large donations to political parties and the award of peerages and knighthoods—a practice that we know has been going on for years? I believe that the public want a clear separation between the two, and I hope that our earlier reforms will be consolidated by further changes during this Parliament.

Bridget Prentice: My hon. Friend is absolutely right: it is important that we separate the two and that the two are seen to be separate. In the past few days, we have learned that perception is always key in politics and that it is important to give the public the reassurance that everything done in this House and in the other place is done openly and with transparency. We are introducing amendments to ensure not only that that is the reality, but that that is the perception, as well.

Mr. Nigel Evans (Ribble Valley) (Con): I have great sympathy with the Minister because I assume that, prior to Jack Dromey blowing the whistle last week, she was kept in the dark, as was the treasurer, the Deputy Prime Minister and the chairman of the Labour party. The Minister says that we will have transparency in relation to loans. That is right, but should we not also consider limiting the level of loans and barring any Minister from giving any loans to any political party?

Bridget Prentice: The question of a limit will be discussed during the review, and I hope that all hon. Members and political parties will play an active and constructive part in it. I have had discussions with various colleagues over the past few days about the funding of political parties, and there are almost as many views on the subject as there are Members of Parliament. I welcome the debate, I hope that it will be constructive, and I look forward to hearing from the hon. Gentleman.

Mr. Chris Mullin (Sunderland, South) (Lab): Welcome though today's announcement is, does my hon. Friend agree that we need to go much further if we are to re-establish public confidence in the funding of political parties? Will Sir Hayden Phillips consider, among other things, imposing a far more drastic cap on what can be spent nationally by political parties, and imposing a very drastic cap on what can be donated by individuals? Could he look at whether small donations should be made tax deductible for the political party of one's choice, as that is the one form of funding of political parties that the public might support? I appreciate that some of those matters are for my hon. Friend's many superiors, but will she undertake to pass the word on?

Bridget Prentice: I am grateful for my hon. Friend's remarks. I thought that we were a little more egalitarian

[Bridget Prentice]

in this party than to espouse the idea of having superiors but, nevertheless, I accept what he said. It might be helpful if I briefly tell the House that Sir Hayden's review will examine the case for state funding, including whether or not it should be enhanced in return for a cap on the size of donations. He will consider, too, the transparency of funding of political parties, so I hope that that covers some of the questions asked by my hon. Friend.

I remind the House that Sam Younger said in *The Times*:

"Political parties are important in a democracy. They need funds in order to organise themselves, develop policies and put themselves forward to the electorate."

It is a question of getting the balance right between state and private funding, and that is part of the debate.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Why did the Minister decide to make her statement today?

Bridget Prentice: Because the Prime Minister and the Government thought that it was important, given that the Electoral Administration Bill is proceeding through the House, to take the opportunity to make a statement at this time.

Mr. Dennis Skinner (Bolsover) (Lab): Is my hon. Friend aware that, contrary to all the talk in the media, the sad fact is that over the past 20 years or more there has been a disinclination among the public either to join parties or to contribute to them? They then complain, wherever the money comes from. Can I suggest to my hon. Friend that the last people we want lectures from are the party of Ashcroft, Aitken and the rest? We do not need any lectures about a Swiss rollover by the Liberal Democrat— but if we did go further we could abolish the House of Lords and the honours lists so that there would not be very much left to buy.

Bridget Prentice: My hon. Friend leads me very temptingly down a path that it is not appropriate for me to take, given the nature of the statement. It deals with the funding of political parties, so he is quite right to refer to other political parties. This is something in which we all have a stake, so we should all work on it together. As for the reform of the House of Lords, he will wish to know that we look forward to proceeding with change there very speedily indeed.

Miss Julie Kirkbride (Bromsgrove) (Con): The Minister just said that perception is important in politics, so does she agree that the public perception of this sorry affair is that the Prime Minister has been caught red handed, selling peerages in return for party funding?

Bridget Prentice: The Prime Minister, in his statement last week, took responsibility as the leader of the Labour party. I think that that was right and proper, and something that I would expect him to do.

Geraldine Smith (Morecambe and Lunesdale) (Lab): I welcome the Minister's statement today. It is quite right that all political parties should declare any loans that they receive and it is right to review party political funding, but I would err on the side of caution in going down the road of state funding for political parties, which would go down like a lead balloon with the public. The way forward has been mentioned already—we should make the cap on spending at elections much lower than at present. I am sure that members of the public will not mind if they only receive one DVD instead of three. *[Interruption.]*

Bridget Prentice: Of course, as my right hon. Friend the Leader of the House says, it might depend on whom those DVDs are from. However, I hear what my hon. Friend says about state funding. She reflects a view that, I suspect, is held quite widely. That is part of the reason why the debate about getting the balance right is important. As I have already said, a reference to the cap on funding is in the review.

Mr. Quentin Davies (Grantham and Stamford) (Con): I am of the view that most party political funding is wasted anyway on embarrassing and probably counter-productive advertising campaigns and dubious spin doctors, on the part of all the major parties. Was the hon. Lady, in her response to my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth), seriously trying to tell the House that the occasion of her statement today had nothing whatever to do with the scandal and revelations of the past few days? If so, I fear that she may be unnecessarily damaging her own credibility, as well as setting a very poor example of candour in the House. Does she accept that not to reveal a loan, as a financial relationship, is thoroughly disingenuous and misleading?

Bridget Prentice: Obviously, the discussions that have been taking place over the past few days are ones to which we must all respond. It is not perhaps in the hon. Gentleman's best interest to try to say that this is something that affects only one political party—*[Interruption]*—or to imply that that is so. I hope that he agrees that it is necessary for us all to work together.

As I said earlier, it is important to re-engage the public in democracy. It is important that they see that we are transparent in the way that we are funded. There is a dichotomy: we do not want political parties to be funded by shady individuals from abroad; nor do people necessarily want to pay for them through their taxes. We must find a way that gets the balance of party political funding right—whether partly through the state or partly through private donations—but whichever way that is done, it must be transparent, and that is what we hope to achieve.

Andrew Mackinlay (Thurrock) (Lab): Has the Minister noticed that Sir Hayden has been honoured? Is there not a case for appointing a real person to conduct the review, rather than a member of the establishment, the glitterati, that magic circle that runs the country, whether it has a Labour or a Tory Government? Will she support an amendment to disqualify from getting a peerage anyone who makes a substantial loan or payment to a political party? That is what is necessary, and on that, with the greatest respect, the Prime Minister—she might find this hard to believe—is wrong.

Bridget Prentice: I think that all political parties in the House that propose people for appointment as working peers would say that they put forward the names of people who have contributed greatly in public life, so I would not want to go down the road of banning every form of donation. I am sure that Sir Hayden will be more than delighted to hear my hon. Friend's views on what should be in the review.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): The hon. Lady's statement is most welcome today, but it would have been even more welcome if it had been made before last week's revelations. She referred twice in her statement and once in an earlier response to the word "transparency". In the interests of transparency and gaining some ground back on the way in which the public consider politicians in general, can she tell the House whether there will be an investigation of recent events by the Labour party under the Honours (Prevention of Abuses) Act 1925?

Bridget Prentice: There has been no abuse under the 1925 Act.

"We didn't publish the names, because that was not the law, and we've complied with the letter of the law, we've followed it absolutely."

That was said by the hon. Member for Tatton (Mr. Osborne) on a broadcast made yesterday. The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) should be aware that the 2000 Act allowed for loans to be made in the way that they have been made. We are tabling an amendment to the Electoral Administration Bill to ensure that there is transparency.

Alan Simpson (Nottingham, South) (Lab): I welcome the Minister's statement and her announcement that the Labour party is opening its books in respect of the loans and gifts made to it. Embarrassing as it may have been to Labour party members to discover that we were in receipt of loans, will my hon. Friend confirm that although Labour Members knew next to nothing about those loans, the House knows absolutely nothing about loans and gifts made to the Tory party during the same period? Will she confirm that the terms of Sir Hayden's inquiry will include a 10-year retrospective on loans as well as gifts, and that it will explore the terms of loans and whether they varied during the period of the loan? Will he make recommendations on the most effective way of severing any connection between financial assistance to political parties and the honours system?

Bridget Prentice: My hon. Friend is right. It might be appropriate to remind the House that it was this Government who brought in the 2000 Act and set up the Electoral Commission. We have said that we want to make the system even more transparent. I know nothing about loans to the Tory party and it is not my place to make any comment on them from the Dispatch Box. Nevertheless, I can assure my hon. Friend that Sir Hayden's review will be able to examine funding right across the board and, if he comes to a conclusion about the retrospective nature of that funding, I am sure that he will bring it to the attention of the House.

John Bercow (Buckingham) (Con): Given that it is vital to dispel any notion that the funding of any political party secures access to the legislature, is it not the most important and urgent responsibility of the Government to bring forward proposals for a predominantly elected House of Lords, because that is the only credible and defensible basis upon which to constitute the upper House in the 21st century?

Bridget Prentice: As I mentioned earlier, the reform of the House of Lords is a matter that we are studying closely. I hear what the hon. Gentleman says. I know that there are various views in the House. I may not entirely share his views in that respect. It is relatively new for the Conservative party to believe in a non-elected House—

John Bercow: Not for me. I have always believed that.

Bridget Prentice: It may not be new for the hon. Gentleman, but that is a debate that we can continue.

Dr. Gavin Strang (Edinburgh, East) (Lab): Is my hon. Friend aware that we on the Labour Benches are entitled to be proud of the 2000 Act, which introduced a new procedure for donations? Acknowledging that there is a loophole that allows parties to receive commercial loans, does my hon. Friend accept that her statement—*[Interruption.]* Opposition Members might allow others to speak. I think that they are a little on the defensive. *[Interruption.]* Yes, I do. No one tried to amend the legislation before. Will my hon. Friend confirm that we are going for maximum transparency in respect of all loans and all donations to all political parties as soon as possible?

Bridget Prentice: My right hon. Friend is right. When the Act was passed in 2000, no one in the House thought about the effect of loans. As my right hon. Friend the Secretary of State said earlier today, the system has not been cleaned up enough and we need to change it. That is why we are introducing the amendment to the Electoral Administration Bill. We have a proud record of trying to bring about greater transparency, and we shall continue to do so.

Mr. Peter Bone (Wellingborough) (Con): Does the Minister think that the British public should regard this Government and their Prime Minister as whiter than white? If not, what advice would she give to the Prime Minister about his future?

Bridget Prentice: The Prime Minister, along with this Government, has made radical changes in this country. We have introduced the minimum wage, put more money than anyone else has done before into hospitals and schools, reduced unemployment and made the economy more sound. The record of this Government and Prime Minister is second to none, and I ask the hon. Gentleman to reflect on that before he goes any further.

Jeremy Corbyn (Islington, North) (Lab): I listened very carefully to the answers given to the hon. Member for North Southwark and Bermondsey (Simon Hughes) and my hon. Friend the Member for Nottingham, South (Alan Simpson). Does the Minister accept that, in disclosing the nature of the loans given over the past 10 years, we need to know why the people making those

[Jeremy Corbyn]

loans thought it necessary to keep their names secret; what conditions were placed on them by the people making the loans; what interest rates were paid on them and whether those interest rates have varied during that period? If there is to be any confidence in the political system, it has got to be absolutely open and above board as to why people felt it necessary to keep their names secret while making any loan to any political party.

Bridget Prentice: There are a variety of reasons why people wish to keep their names secret when they give loans or even donations to political parties. I think we are all pretty much aware of what they are. However, we feel that we need to go further than we went in the 2000 Act, which is why we are bringing forward the amendments. I hope that my hon. Friend will also contribute to the debate on how political parties should be funded. The bottom line, if I may put it that way, is that we make things as transparent as possible, so that people have confidence in the democratic process and so that political parties re-engage with the public in the way that we would all like.

NHS Redundancies (Staffordshire)

4.2 pm

Paul Farrelly (Newcastle-under-Lyme) (Lab): I beg to ask leave to move the Adjournment of the House under Standing Order No. 24, to discuss a specific and important matter that should have urgent consideration, namely, the announcement last Thursday of up to 1,200 staff reductions at the University hospital of North Staffordshire. I apologise, Mr. Deputy Speaker, if I am a little out of breath; I thought that the statement would continue rather longer.

My local hospital is one of 18 NHS trusts in the country earmarked in January by the Secretary of State to receive the attention of turnaround teams. It is the first to announce its financial recovery plan. Locally, of course, the cuts are devastating. They include 573 nurses, midwives and auxiliaries, and one in five of all nursing staff. The situation at the hospital, however, illustrates more fundamental issues about governance, management and control across the NHS.

This was a hospital that was allowed to drift by its strategic health authority and the NHS Executive, and right up to the desk of the former NHS chief executive, the soon-to-be Lord Crisp. It was allowed the luxury of letting its former chief executive serve one year's notice before quitting for personal reasons. Even then, last year, it could appoint only an acting chief executive, who was moved on in January. That followed the resignation of the chairman and all the non-executive directors days before Christmas. Throughout this period, it employed accounting staff who evidently found numbers troublesome. That is all the more surprising as the numbers have to add up for a brand-new private finance initiative hospital that has been planned for years.

Since Christmas, local MPs have been trying to get to the bottom of the hospital's projected £18 million deficit this year. We have failed to be able to do so. At a meeting in mid-February, we were promised the details by the SHA, but instead, all we had last Thursday, out of the blue, was talk of £43 million savings over two years. The document issued to staff giving 90 days' notice of redundancy is a disgrace in content and tone. This is a hospital, not a business going bankrupt. This is no way to secure the continued staff good will on whose basis our NHS operates. Despite its consequences, the notice was issued on no higher authorisation than that of the acting chief executive of the hospital. Much of the deficit is down to national policies, the consequences of which are coming home to roost. A great deal of change is taking place, but it is important that the response to the deficits does not veer out of control.

Mr. Deputy Speaker (Sir Alan Haselhurst): I have listened carefully and, in the circumstances, sympathetically to the hon. Gentleman. I must give my decision without giving any reasons: I do not consider that the matter that he has raised is appropriate for discussion under Standing Order No. 24, and I cannot therefore submit the application to the House. However, I am sure that he has noted that there is an estimates debate this afternoon on the NHS financial deficit, and I commend that thought to him.

Points of Order

4.5 pm

Mr. Quentin Davies (Grantham and Stamford) (Con): On a point of order, Mr. Deputy Speaker, *The Mail on Sunday* yesterday contained an article that included what were purported to be details of the living away from home allowance claims made by a right hon. Member of the House. I have absolutely no idea whether those details were correct or whether the complaints made about them are sustainable—they may have been completely invented. If there has been a leak from the Fees Office—prima facie, someone in the Fees Office may have sold information available to them in the course of their duties—will you ensure that an inquiry is undertaken to remove that terrible suspicion from people who serve the House on the whole extremely honourably and well?

Mr. Deputy Speaker (Sir Alan Haselhurst): I have no reason for supposing that there has been any lowering of standards by an Officer of this House, and I did not necessarily take that implication from that article, which I also saw. There is a procedure to deal with that matter, and if there is any ground for suspicion, I am sure that it will be brought up in the proper manner with the Parliamentary Commissioner for Standards.

Colin Challen (Morley and Rothwell) (Lab): On a point of order, Mr. Deputy Speaker, may I draw your attention to a statement made by the Leader of the Opposition at Prime Minister's Question Time on 15 March:

"We believe in parliamentary scrutiny—I know that the Prime Minister probably cannot even spell those words, but we happen to think that it is important."?—[*Official Report*, 15 March 2006; Vol. 443, c. 1452.]

May I subsequently draw your attention to the Ninth Standing Committee on Delegated Legislation, which considered the important Civil Proceedings Fees (Amendment) Order 2005, because not a single Opposition Member turned up and the matter was discussed in their absence? Should the Leader of the Opposition be admonished for misleading the House?

Mr. Deputy Speaker: That is not even a point of order for the Chair.

Bob Spink (Castle Point) (Con): On a point of order, Mr. Deputy Speaker, in view of the importance of this matter to many hon. Members, have you received any indication from the Government that a Minister will come to this House to make a statement or answer in detail on the ill-considered and apparently inconsistent merger of police forces?

Mr. Deputy Speaker: I have not received notice of an intention to make an oral statement to the House, but I note that the Home Secretary is due to make a written ministerial statement this very day. I know nothing else at the moment that relates to hon. Members' understandable interest in the matter.

John Bercow (Buckingham) (Con): On a point of order, Mr. Deputy Speaker, I seek your guidance. Given that last Thursday afternoon, in a move that was certainly unusual and arguably somewhat discourteous, the Government withdrew from the consideration of the House their own business, namely Lords amendments to the Immigration, Asylum and Nationality Bill, have you received an indication that a Minister intends to come to the House and tell hon. Members when we will have an opportunity to debate the business that we were supposed to consider on Thursday afternoon?

Mr. Deputy Speaker: I have no such information that I can share with the hon. Gentleman, but it is possible that the matter will be alluded to in the next business statement, or perhaps he can contrive that it should be.

Mr. Quentin Davies: Further to the advice that you gave me a moment ago, Mr. Deputy Speaker. You said, rightly, that if there is any suggestion of an abuse by a Member in the allowance system, that is a matter for the Parliamentary Commissioner for Standards to investigate. Of course, I accept that that is right. My point, however, related to the possibility of corruption by a member of the staff of the Fees Office. I am not aware that the parliamentary commissioner has any jurisdiction over employees of the House of that kind, and my question to you really concerns what procedure might be available to investigate such a suspicion if unfortunately it were to arise as a result of the article to which I referred.

Mr. Deputy Speaker: The hon. Gentleman is now making a very grave allegation, having previously said to me that he had no idea whether there was any truth in the matter at all. I think that one should be very careful in making an allegation against someone who cannot answer back to this House. If there is any breath of a suggestion of impropriety on the part of a member of staff, I am sure that the head of the department, at the very least, will examine that possibility to see whether there is the slightest bit of truth in the matter. I think that it is probably better left there.

ESTIMATES DAY

[2ND ALLOTTED DAY]

SUPPLEMENTARY ESTIMATES, 2005–06

Ministry of Defence

[Relevant documents: Fourth Report from the Defence Committee, Session 2005–06, HC 980, on Costs of peace-keeping in Iraq and Afghanistan: Spring Supplementary Estimate 2005–06; and Ministry of Defence Annual Report and Accounts 2004–05, HC 464.]

This Estimate is to be considered in so far as it relates to costs of peace-keeping in Iraq and Afghanistan (Resolution of 16th March).

Motion made, and Question proposed,

That, for the year ending with 31st March 2006, for expenditure by the Ministry of Defence—

(1) further resources, not exceeding £1,776,067,000, be authorised for use as set out in HC 827,

(2) a further sum, not exceeding £1,889,814,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.—*[Mr. Cawsey.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): I have imposed a time limit of 10 minutes on Back-Bench speeches which applies after the opening speech.

4.10 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): I am grateful, Mr. Deputy Speaker. Because of that time limit, I shall do my utmost to keep my own remarks to 10 minutes, as I know that many Members want to speak in both debates.

The motion before us seeks the House's approval for the Ministry of Defence's spring supplementary estimate—a request for an additional £1,890 million, of which the largest part is to meet the costs of peacekeeping in Iraq and Afghanistan. I know that in making a speech one is meant to begin at the beginning, but I wish to begin at the end, so I shall go straight to the conclusion of the Defence Committee's report:

"We do not propose that the House should refuse the request for resources set out in the MoD's Spring Supplementary Estimate. On the contrary, we believe it is essential that peace-keeping operations in Iraq and Afghanistan should be properly funded."

If anything, we are concerned that too little is being spent, not too much. The Defence Committee, of which I have the great honour to be Chairman, hopes that the House will approve this request for resources. We believe that our service personnel should have the equipment that they need. However, we have several concerns about the way in which the Ministry of Defence presents its estimates to Parliament and thought that the House should have an opportunity to consider them before it approves the spring supplementary estimates. We are therefore grateful to the Liaison Committee for agreeing that our report should be debated.

First, we are concerned about the inadequacy of the information that the Ministry of Defence provided to Parliament in support of the request for resources—a request for a very large amount of public money. The initial estimates memorandum, which all Departments provide to their Select Committees with the estimates, is printed in the evidence with our report. It does not add very much—only a breakdown between the operations for Iraq and Afghanistan. That is in table 1 of our report. We thought that that was not good enough and asked the Ministry of Defence for more information. Its more detailed breakdown is set out in tables 2 and 3 of our report. We hope that next time the Ministry of Defence will give that level of information in the estimates memorandum when the estimates are first published. That will give us enough time to report to the House, if necessary, in good time for the estimates day debate.

Secondly, we are concerned about the high level of contingency that is contained in the estimate. Tables 2 and 3 of our report show that the estimate contains £69 million contingency in resources and £77 million contingency in capital, so we asked the Ministry of Defence why such a large amount of contingency was necessary, especially at such a late stage in the financial year. The response was that it was

"due to the often rapidly changing operational situation"

and the

"need to be able to respond to the rapidly evolving threat to our forces".

The Defence Committee fully accepts the need for the Ministry of Defence to have financial flexibility to respond to changing threats, buy new equipment and so on when the operational need arises. There may be different views on whether it is a good thing to deploy in Iraq and Afghanistan, but there can be no such difference about the need for our forces to be properly and fully protected. Force protection, especially against increasingly sophisticated improvised explosive devices, is a matter of life and death for our service personnel as they serve this country in Iraq and Afghanistan. Equipment often needs to be developed at short notice. Urgent operational requirements cost a lot of money and we need to ensure that it is properly managed.

In January, the Committee visited the Defence Procurement Agency and were briefed by the special projects integrated project team on the acquisition of urgent operational requirements. We were impressed by the speed and efficiency of the acquisition process. The team's close connection to operations gave its members a strong motivation and they fed back lessons from the field. We were told that, in one project, the contract was let within three days of notification of the requirement and the equipment was in the field in three weeks. That is an extraordinary achievement.

We accept the need for flexibility, but that does not absolve the Ministry of Defence of the requirement to make proper financial forecasts. We shall look closely at the out-turn costs in the annual report and accounts to ensure that the Ministry is not routinely overestimating the costs of operations. Our report recommends that the annual report should contain significantly more detail on the cost of operations than it has done in the past.

Our third concern is about arrangements whereby the Ministry of Defence waits for the spring supplementary estimates before seeking Parliament's approval of expenditure on operations. I am afraid that we did not understand why the Ministry does that. It may be a

surprise to some hon. Members that the Ministry makes no provisions in its main estimates for operations, even if they are well established. In effect, we are being asked to authorise expenditure in arrears.

The Ministry's explanation for that arrangement is that

"we cannot provide a detailed forecast at the beginning of the financial year that is accurate to the standards which we would normally place before Parliament for figures for that financial year."

In our view, the fact that the Ministry cannot provide information that is accurate to a high standard is no reason for not providing Parliament with any information at all. We therefore recommend that, in future, provisions for operations that are well under way should be made in the main estimates in the usual way—if necessary, with a large element for contingency.

We also recommend that the Ministry provide to our Committee regular updates of the cost of operations, in the same way as it provides information to the Treasury. That would be a welcome demonstration that the Ministry recognises the need for public accountability. It should give us the clear impression that it regards Treasury approval of its expenditure plans as no more important than parliamentary approval. Parliamentary approval should not be a rubber stamp.

Perhaps the attitude of the Ministry of Defence is influenced by the fact that funding for operations does not come from its allocated defence budget but is new money from the Treasury. However, it is all public money and it should all be subject to the usual process of parliamentary authorisation.

Our report deals briefly with the costs of operations in the Balkans. We recommend that, in future, provision for such operations should be set out in the Ministry's main estimates rather than transferred in from the Foreign and Commonwealth Office at the spring supplementary estimates.

Our report also touches on the future costs of the deployment to Afghanistan. It is not enough for Ministers to tell us that the cost of the deployment will be around £1 billion over five years and we will press the Ministry of Defence for more information on costs in our inquiry into the Afghanistan deployment.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I note that my right hon. Friend's excellent report calls for more information. A request was made by his predecessor in the spring supplementary estimate in 2005 for more information on the figures that had been provided, yet that information is not available. Why does my right hon. Friend think that his own request will be more successful?

Mr. Arbuthnot: Because we have a listening Minister and a listening Government. I am sure that, this time around, the Minister will listen in a way that perhaps did not happen last time around. The value of this debate, and my hon. Friend's timely intervention, is that it will ensure that that happens.

Finally, our report outlines the reductions in the overall size of the armed forces, set out in the votes A for the financial year 2006–07, which the House will be asked to approve after this debate. They reflect the significant draw-down in the size of the armed forces, particularly the Royal Air Force, in line with the Government's future capabilities decisions. We do not propose that the House should refuse to approve the votes A, though we do have concerns about the overstretch of elements of the armed forces and are looking closely at that.

I am sure that the Minister will respond to our recommendations in a positive spirit. I have no doubt that his commitment to democratic accountability is second to none and I hope that he will support our aim of encouraging greater transparency in the way in which his Department operates. We look forward to receiving in due course the Ministry of Defence's considered response to our report. The Defence Committee will look at the main estimates closely when they are presented to the House and we will bring any concerns to the attention of the House. I hope that the Minister will not again take parliamentary approval of the estimates for granted.

4.21 pm

Nick Harvey (North Devon) (LD): I commend the right hon. Member for North-East Hampshire (Mr. Arbuthnot) and his Committee on their important report. The sums of money in question are certainly large, although that is unsurprising in view of the scale of the operations involved, and of the recent commitments to increase them. I note with regret that some of the points that the Committee has raised were also raised a year ago, but have not elicited a response from the Government. It does not make sense for all this to be approved retrospectively. Of course, it is impossible for the Ministry of Defence to know at the outset of the year exactly what the costs of its activities are going to be over the year, but Parliament should surely be given more information than it has been given in the past.

From time to time, we are inevitably asked what our involvement in Afghanistan and, in particular, in Iraq has cost us in total. The Government have published the figures for expenditure on operations and on capital equipment in each of the past three financial years, and will no doubt do so for the current year. However, a press release from the MOD's Defence Analytical Services Agency last September made the important point that the costs of peacekeeping in Iraq are just that, and that anyone trying to keep an account of the total expenditure must realise that combat operations have not been included in the figures that have been quoted. Will the Minister therefore confirm whether the published figures include combat costs? He has said in a previous parliamentary answer that it is not possible to identify separately the cost of combat operations. He has also made the point that those costs span two financial years, as the combat activities began in March 2003. Are the Government really telling us that they are unable to make an assessment, or even an estimate, of combat activity costs?

A needs assessment was carried out in October 2003 by the World Bank, in which it considered the tasks that lay ahead for the allies. By that stage, the armed combat phase had ended, and it was looking forward to

[Nick Harvey]

the costs of reconstruction. The figures being produced, it noted, worked on the following assessment at the outset:

"a main underlying assumption was that there would be a stable security environment that would allow international and local staff and consultants to move freely around rural and urban areas"

to carry out their work. Given that that is no longer the case, it is understandable that the cost of all that work has gone up and up. Has there been any assessment of the impact of that on the running costs, and on the various other organisations involved?

The Government have pledged a total of £544 million for the reconstruction work in Iraq. A lot of that money went through the international reconstruction fund facility for Iraq. In total, the World Bank estimated that $55 billion would be required. Of the $21 billion that America was going to pay, however, only $2 billion has been disbursed. I would be intrigued to know what the comparable state of play is with British finance. Three years on, with only two thirds of the American funds and just one sixth of non-American funds pledged having been disbursed, can the Minister tell us exactly how much UK money has been allocated? The latest report of the US Special Inspector General for Iraq Reconstruction said that the UK had pledged £250 million, and yet our Government tell us that the figure is £540 million. What proportion of the UK funds pledged have been spent so far?

With specific reference to Afghanistan, the Select Committee report asks for a breakdown of costs by financial year, and for more explanation of the £1 billion estimated cost over the five years 2005–06 to 2009–10. The Ministry has told us that it cannot go into that sort of detail. There was a report in *The Sunday Times* yesterday, however, about what purported to be a leaked Ministry of Defence document, saying:

"The objectives of the British mission to Afghanistan could take as long as 20 years to achieve, according to a confidential Ministry of Defence briefing".

That is no particular surprise, because the history of engagement by foreign troops in Afghanistan has never been happy, and no one should underestimate the task of the international forces now there. If the Ministry's own officials really think that fulfilling the objectives of the mission could, in principle, take as long as 20 years, what on earth do they think that it will cost? How can they state with such precision that it will cost £1 billion? From where exactly have the Government got the figures on which to base their request for that £1 billion?

Has sufficient money been allocated? The Select Committee Chairman said that if anything, the Committee was concerned not about the figures being surprisingly high but, in relation to some aspects, whether they were high enough. I wonder whether asking British and international troops to undertake some of the work envisaged has necessarily been assessed as the most cost-effective method. Has sufficient money been allocated in direct aid to the provinces in Afghanistan for training and capacity building for the Afghan national army and police?

The UK is the lead nation on counter-narcotics, but how much are the Government spending on that in Afghanistan? I am not referring to the consultancy and security teams: how much help have the Afghan Government received? What measurable targets have the Government for improving and enhancing Afghan military capability?

The Minister said in a written answer that the number of Taliban in southern Afghanistan could amount to over 1,000, but what is his assessment of their military capability? He also said that there were a range of illegally armed groups in the south, which must be the case, but that the number of people involved could not be determined. Has the Ministry really no estimate of the size and strength of those groups? Given that the British forces are expected to have a role in their disarmament and demobilisation, surely there must be some assessment of what those forces are up against.

Does the increase in the role that we will play in Afghanistan, in conjunction with ongoing work in Iraq, mean that United Kingdom forces will continue to work beyond the planned level in the defence planning assumptions? If that is to continue throughout the three years for which the Government expect the operation to last, there must be considerable concern about the effects on retention and recruitment. Is there any new evidence on the numbers resigning? What about the effects on the reserves, who have been over-tasked, and on the availability of specialists such as medical staff? There are also questions to be asked about a shortage of airlift, both fixed-wing and helicopters. A distinction should be drawn between helicopters that can lift troops in safety, and combat or reconnaissance helicopters that do not carry troops.

When the allied rapid recruitment force is due for relief next year, will the UK be stuck with the task of running the headquarters, or is there any realistic prospect that anyone else can take it over?

As we know, and have seen on our television screens, the Secretary of State has spent the last few days in Iraq visiting the troops there. Although he has said that there is not, as yet, a state of civil war—an assessment with which we would agree—he has nevertheless acknowledged that the situation is very serious, and that there is a danger of its tipping into civil war at very short notice. While many believe that the presence of Brit[illegible] and American forces in Iraq is in a sense part of the problem, any suggestion of their rapid removal would only run the risk of tipping what is already a pretty desperate situation into precisely the civil war of which the Minister has warned.

The scale of the commitments in Afghanistan and Iraq is immense, and the challenges faced by the British forces in both countries are extremely worrying and difficult to quantify. No one would expect the Government to be able to say precisely what the cost will be, but serious tasks are being undertaken, and there is a risk of serious casualties. I think that what Parliament and the British public want is a sense that there really is a Government strategy. It is clear that the intervention in Iraq has caused many difficulties, but obviously we must deal with the world as it is now.

Afghanistan has to be helped. That will cost more in cash and in casualties than it might have if the initial effort had been sustained throughout the period for which we

have been there, but we cannot ignore what remains a twofold threat from drugs and terrorism. It is also true that Iraq and Iran cannot be compartmentalised or viewed entirely separately, given their geography and their history. Isolating Iran and a long-term occupation in Iraq can only deepen the problems. Difficult as it is, finding a way of re-engaging with Iran is absolutely necessary.

I hope that we can learn from the experiences of the past five years. Clearly, we cannot pull out of Iraq in a hurry; our work there is important—and perilous. As we take on a considerable new responsibility in Afghanistan, it will be Parliament's role to keep a very close eye on the situation. I welcome the Select Committee's report and the questions that it asks about finance. Parliament will be failing in its duty if we do not continue to hold the Ministry of Defence to account for the important work that it is undertaking.

4.35 pm

Harry Cohen (Leyton and Wanstead) (Lab): I am grateful to the Defence Committee for producing the report before us, and I am also grateful for the opportunity to speak in today's debate. As the Chairman of the Committee, the right hon. Member for North-East Hampshire (Mr. Arbuthnot), pointed out, the report refers to the public being kept in the dark about how the money has been spent on Iraq—on which I want to concentrate today—and on Afghanistan. That is a very good point, and deserves an answer from the Minister and the Government. How do we know that we are getting value for money for what we have spent? As I say that I am chuckling ironically, because frankly, given the situation in Iraq, we are getting no value for money. One could argue that money is being spent on servicing the troops, and perhaps on reconstruction aid—but how do we know? How, moreover, do we know that we are getting good value for it?

That is a very serious point, given the spectacular corruption cases that we are starting to see in the United States. Custer Battles ripped off tens of millions of pounds-worth of the Iraqi people's money by supplying the Iraqi forces with broken-down trucks, and Robert Stein has received a prison sentence for rip-offs amounting to millions of pounds. I am pretty sure that the money spent by the Ministry of Defence does not involve such spectacular rip-offs, but how do we know? It is important that such issues be out in the public domain.

The Government maintain that we spent £3.1 billion on Iraq to March last year and in excess of £1 billion since then, so such spending totals well over £4 billion. But as the hon. Member for North Devon (Nick Harvey) said, that does not include combat costs—the initial costs of the war—which, presumably, are heavy, or other Departments' costs. Where are they listed? As the Select Committee said, we do not have clear-cut accounting. That money is our taxpayers' money, but what about the great deal of Iraqi money that has been squandered? Some £23 billion-worth of their money, which was held by the United Nations and handed over to the allied forces, has gone without any result. According to an article in *The Independent* last November, the Iraqi people could lose £200 billion-worth of oil resources under agreements that the allies are forcing through. Lots of money and resources are going down a bottomless drain; some of those are ours, but most belong to the Iraqi people.

Despite all that spending, the Iraqi people are actually worse off. An article by Professor Glen Rangwala, whom I have quoted in the House before, and who helped to expose the dodgy dossier, stated:

"The most thorough survey yet conducted on Iraqi life since the invasion arrived soon after the election. The United Nations Development Programme found that the average income in Iraq dropped by 44 per cent. in the year after the invasion—from £137 per person under the last year of economic sanctions, to £77 under occupation. The percentage of mothers who die in childbirth is now over four times greater in oil-rich Iraq than over the border in resource-free Jordan. Some 63 per cent. of Iraqis live in homes unconnected to a sewage system, resulting in a series of chronic diseases afflicting the population, in comparison to only 25 per cent. in a similar situation before US-instigated sanctions were imposed in 1990. The survey estimated that 223,000 Iraqis had chronic illnesses caused by the war. The number of women of working age who are in employment, a key indicator of female empowerment, is just 13 per cent."

I saw an article recently that showed that according to official figures, unemployment in Iraq is more than 60 per cent. I recall raising that matter soon after the occupation and saying that the situation needed to be dealt with if trouble was to be avoided. Instead, a rip-off was going on at a pace. All the contractors from outside—Halliburton and its cronies—took the jobs instead of the Iraqi people. As I said, recent figures show again that unemployment among Iraqis is well over 60 per cent. There has been no change. As we heard, only 13 per cent. of women are in employment in Iraq. That remains an appalling scandal. Iraqis are no better off.

Just this week there were some good articles in the *New Statesman*. Zaki Chehab's article begins:

"Kidnappings, power cuts, sectarian hatred, medical shortages, petrol queues, intimidation of women and a mass exodus of talent: all part of life in the new Iraq."

He writes:

"There is a scarcity of basic equipment that most hospitals store in ample quantities as a matter of course . . . The situation today, the professionals insist, is even worse than in the last years of the old regime, when essential materials were in short supply because of UN economic sanctions . . . The optimism has vanished, and reconstruction has proved to be an illusion.

There has been no visible improvement to any of the services that are basic to civil society: drinking water, electricity supply, functioning sewage systems, schools and hospitals. Drinking water used to be available from household taps, but that is no longer safe to drink. Potholes in the roads, which were a common cause of complaint in Saddam's time, not only still exist but are even bigger. There were occasional power cuts in the old days but generally the citizens of Baghdad enjoyed a regular supply. Now they are reduced to electricity for just one hour in every six each day."

Iraqis are worse off. I put that to the Minister, because after the occupation it was made clear by the then Secretary of State for International Development, my right hon. Friend the Member for Birmingham, Ladywood (Clare Short), that where there are difficulties, it is for the armed forces to make the situation safe and then carry out the reconstruction work. That is the Minister's responsibility, but the figures show that he has not succeeded. The reconstruction has been an abject failure.

We do not know where most of the cost has gone. The Government have talked about training the Iraqi police and the Iraqi armed forces. What about that cost? Is that something extra to be added to the costs that we have?

[Harry Cohen]

Presumably we are not talking about the armed forces just doing their everyday job and the cost being included in that figure. If it is so important that we train the Iraqi police and armed forces, why have we not seen the figures for that? Actually, it is a pretty incredible thing to be doing, because they have cut off co-operation with us at the moment. In reality, we cannot be doing that—so where has the money allocated for that particular job gone?

Let me quote from one last article from this week's excellent edition of the *New Statesman*. John Simpson writes:

"there is still no government in place, 90 days after the latest election. Where is the army"—

that is what the Iraqis are saying. The article continues:

"Where are the Americans? But the Americans know their presence at the site of an attack often makes things worse, and they are less in evidence now than they used to be. So why are they in Iraq at all, people ask."

That is a good question in such circumstances. Why are they in Iraq at all, and why are we in Iraq at all? There has been £4 billion—if that is the official figure—of wasted money. Not a penny of it should have been spent, and I do not think that we should spend a penny more. We should get out of Iraq.

4.45 pm

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): I never thought that I would follow the hon. Member for Leyton and Wanstead (Harry Cohen) and have to confess to agreeing with a great deal of what he said. I begin by quite properly declaring an interest in a public company that does business in both Iraq and Afghanistan.

I welcome the debate not only for the reasons that my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) mentioned, but because, in an extraordinary way, this is the first opportunity since the general election that hon. Members have had to debate Iraq and Afghanistan on the Floor of the House. The conflict has been the single greatest political disaster that the United Kingdom has faced since Suez—indeed, it is far worse than Suez because that was over in a few weeks with relatively few casualties—and here we are, three years into it. It is right that we address not only the financial costs, but the implications for British soldiers. I hope that there will be more opportunities for such debates.

There is an important question whether the House should give its approval before this country goes to war. It is equally important that once a war has happened and there are ongoing consequences, the House should have the right to scrutinise properly the way in which the policy evolves, but that has not happened until now.

The background to the presence of British troops in Iraq is that the war was pre-emptive. The situation was unusual and we went into the war in unlikely circumstances. I do not automatically exclude the right to have a pre-emptive war. Of course, if one knows one is going to be attacked, one does not necessarily wait until that happens before taking action to stop it.

If there is to be a right of pre-emption that leads to British troops going to a country such as Iraq, with massive costs and casualties, we should bear in mind two fundamental considerations for both this country and the United States. First, if the United States and Britain have the right to take pre-emptive action, so, too, does every other country in the world. Any country throughout the globe that thinks itself threatened can, according to Washington and the present British Government, initiate a war simply in order to prevent one. Secondly, if pre-emptive wars are contemplated, one needs at the very least not just theories, ideas and suspicions, but solid evidence that can be shared with the public—preferably before the war, but at the very least after it—for why the action is appropriate. Those criteria have not been justified. One recalls Bismarck's remark in similar circumstances when he referred to the pre-emptive approach as being rather like committing suicide because of the fear of death. There are very serious consequences when starting a war in such circumstances, but they do not seem to have been taken into account.

Bob Russell (Colchester) (LD): I appreciate that the right hon. and learned Gentleman was not a Member at the time, but will he confirm that the official view of the Conservative party was to support the Iraq war?

Sir Malcolm Rifkind: Yes, the hon. Gentleman is correct. Although that is not my view, it was the official view. However, even my right hon. and hon. Friends had reason to assume that the Prime Minister knew what he was talking about when he said that there was conclusive evidence of weapons of mass destruction and other threats, but that has been seen to be completely bogus.

One should go to war only in one of three circumstances: because one has been attacked, as we were in the Falklands; because one has a treaty obligation to another country, as was the case in 1939 when Poland was invaded; or in very rare circumstances when there is great international consensus, preferably, although not exclusively, expressed through the United Nations Security Council. Such circumstances arose at the time of the first Gulf war when we were able to put together a massive coalition.

I do not say that the United Nations must automatically give its approval. Nye Bevan, of all people, once said:

"If there is one thing worse than my country right or wrong it is the United Nations right or wrong".

Of course, the United Nations is a fallible institution that is dependent on the will of its individual member states. However, we have gone to war at enormous cost to the Exchequer and more than 30,000 people have died, but we were not attacked, we were under no treaty obligation and there was not the proper degree of international legitimacy.

Now where do we go from here? I am conscious of the fact that we must look to the future if we are to reduce the huge burden, in terms of both manpower and cost. I do not argue that we should pull out right away because I was against the war. Indeed, in some respects, the opposite applies and I think that, having created this mess, we have a moral obligation to do our best to sort it out. But I have to say that the criterion that has to be applied is whether the continuing presence of British and US troops is making a useful and viable contribution, not only to today and tomorrow but to the eventual stability of that unhappy country.

There is a fundamental flaw in one aspect of the approach by the British and US Governments. The Secretary of State for Defence confirmed recently that the approach was gradually to hand over to the Iraqi national forces, the police and the army, and then withdraw our troops. In that way, it is hoped, everything will be for the best in the best of all possible worlds. In a normal situation in which one is assisting a Government who are fighting an insurgency, that would be a logical approach. The more the national Government increase their authority and the more they train their own army and police, the more they can be expected to deal with the insurgency themselves. But in the case of Iraq at this moment, that argument misses a fundamental consideration. This is not just an insurgency: it is an increasingly sectarian battle. There are three communities—Sunni, Shi'a and Kurd—all of whom have different interests and none of whom is committed to the concept of a single Iraq. The army and the police force in Iraq are also overwhelmingly Shi'a and Kurd. Therefore, the more powerful the police and the army become in Iraq, the less they are seen as safeguards by the Sunni minority and the more they are seen as an increasing threat to their interests. That is the fundamental inconsistency and why people are increasingly saying that there is no military solution to the problem. The solution, if there is one, has to be found in political terms, not in military terms.

I said that the situation in Iraq was the worst disaster for Britain since Suez, but it is the worst geopolitical problem for the US since Vietnam—indeed, including Vietnam, which already had an insurgency. Vietnam was already involved in a civil war before the Americans ever arrived. The Americans were trying to stop that civil war in the interests of the then Government in Saigon. The current crisis is entirely of our own making, and so far we have had five horsemen of the apocalypse. First, more than 35,000 people—Iraqis, Americans, British and others—have died. According to Mr. Allawi, some 50 or 60 more are killed every day. Secondly, we have in Baghdad, the most pro-Iranian Government that Iraq has had for 70 years, which was not one of the prime objectives of US foreign policy. Thirdly, the situation in Iraq is deeply Islamist rather than secularist. Saddam Hussein was a ghastly, vicious tyrant, but he was a secular tyrant. The current situation was no part of the American strategic objective. Fourthly, on terrorism, we have within Iraq—be it for al-Qaeda or other organisations—the greatest recruiting territory for terrorism since the Soviets invaded Afghanistan. Finally, we have the drift into civil war.

I noticed that the Secretary of State for Defence said last week that civil war was not inevitable or imminent—an important choice of words. He did not say that it was unlikely. He said that it was not happening today, and it was not certain that it would happen tomorrow. But he knows as well as I do that the facts increasingly suggest otherwise. Indeed, the former Iraqi Prime Minister has said that the situation has already reached the point of civil war, and it is difficult to disprove that argument.

So where do we go from here? I have said that it looks increasingly as if there is no military solution. British troops are doing a fabulous job, but they will not sort out the insurgency in the foreseeable future, and we all know that. The problem is that our Prime Minister and the President of the United States are in denial. It is almost impossible to imagine a combination of circumstances that would now persuade either to acknowledge that it was all a terrible mistake. Whatever happens, they say that it is all part of the great plan, that everything is getting better and that we should just trust them. But the world does not trust them and nor should it.

A political solution is required with, first, a more convincing form of power-sharing in Iraq, recognising that Sunni fears and concerns cannot be met simply by a 20 per cent. formulaic share in the structure of government. We went through that process in Northern Ireland, where eventually, after many painful years, we realised that power-sharing had to mean precisely that in a substantive sense, if it was gradually to resolve the kind of problems that we all want to address. Power-sharing has to have substance, not form.

Secondly, the United States and the United Kingdom have to appreciate gradually that, although their withdrawal from Iraq will cause serious problems for the Iraqi Government, it will also remove one of the recruiting agents for those who are creating the insurgency. Arab Governments in the region must do far more than they have done until now to be part of the process of rebuilding Iraq and assisting the work of the democratic Iraqi Government.

Finally, although we all want a democratic Iraq, that will work only if a President Putin-type figure is in charge of Iraq. I am no fan of Vladimir Putin; some of the things that he has done in Russia have been very bad, but he took over at a period of great instability and fragmentation in Russia, and one of the reasons why he has become so popular with the Russian people—even if not with the rest of us—is that he created a sense of stability and authority. If Iraq could identify an individual who could be given that sort of presidential power, he would not be a dictator in the Saddam sense, although he might be more authoritarian than we or the United States would like.

That kind of political approach is the last chance for preventing the disintegration of Iraq. Without it, British troops will either be sucked in for an increasingly desperate period or they, and we, will have to conclude that it is approaching the hour when they will have to be brought home.

4.56 pm

Mr. Dai Havard (Merthyr Tydfil and Rhymney) (Lab): First, I want to talk about the reasons for the debate. As a member of the Defence Committee, I think that Parliament needs to be involved in such processes. Doubtless, the Minister will find some of our proceedings uncomfortable and may tell me in the Tea Room that we have given a platform for tenuous and sometimes gratuitous general comments about Iraq and Afghanistan, rather than the main issue. But my answer to that is that Parliament needs to be involved, so that it can ventilate the issues.

Although I share much of the assessment made by my hon. Friend the Member for Leyton and Wanstead (Harry Cohen) of how wrongly things have been done in Iraq, they are not being done wrongly by the British. I am not in control of that Iraqi money. I cannot spend it;

[Mr. Dai Havard]

other people are doing that. My hon. Friend raised interesting questions, but we are talking about the money that we spend and give. That is under our control, which is why we need to discuss it. We might consider how others could do things better, but we also need to be clear about our own position. That is what we should debate—not how other people spend their money. It is tempting to give a spanking to the argument about elected dictatorships, but I shall not go into that.

The money that is being spent is supporting our troops—people who are trying to do a job. I have heard no one say that they do not want to spend that money. There may be arguments on the margins that the amount should be a little more, but the Defence Committee says that we need to support our people in their job. The money is being spent, and there are important arguments about how it is spent and about accountability, but we must be clear about the fact that we are supporting people on the ground.

I have visited Iraq and Afghanistan, sometimes in uniform—with the armed forces parliamentary scheme, so the House need not panic—and sometimes not. Talking to people on the street—if we can actually get on to the street—or talking to a couple of young men on the back of a donkey cart, we hear a different story. Of course, there is ambivalence about our being in Iraq, what we are doing and so on, but when we witness the day-to-day relationship of our forces with people in both Iraq and Afghanistan, it is not as it is often described.

Our forces want support at their elbow to do their job properly. Their motivation is clear. They are frustrated about obvious things such as being able to phone home, boots and all the usual stuff, but what they really want are the tools to do the job. Part of their frustration is about being able to engage in the civil-military interface, to provide appropriate support for civilians and the proper agencies of an emerging Government and other agencies. The people I spoke to have their own concerns, which include airlift capacity, armoured vehicles and their own protection and equipment, and they are right to raise those matters. They want a manoeuvre capability: they want to be able to get to where they need to go quickly, to be able to do the job, to be protected and to protect others, and to get away, and they need the equipment to do that.

I shall concentrate my comments on how we spend our money. A lot of concern has, rightly, been expressed about equipment. The report's comments on accelerated capital investment and spending are interesting, because that relates to the capacity to repair, supply, provide, maintain and deliver the equipment that people require to do the job. I am worried that, although we have known for some time that there are problems in some of those areas and although we have continuing conflicts in two places, we have not been able to predict requirements. The Minister has had the opportunity to do this, so he knows that ordinary people doing the job on the ground will say that that is the problem: they need more certainty and better planning. The fact that there are not enough Warrior armoured vehicles—that is what is claimed—and that there are problems maintaining and supplying them should now be able to be predicted because the problems were identified some time ago.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): The hon. Gentleman is making a powerful argument that what matters is not how much money is spent, but when it is spent. Page 7 of the Defence Committee report explains away the large capital investment for urgent operational requirements by referring to the purchase of, for example, force protection equipment. Given that the technology used in improvised explosive devices—shaped charges—has been around since the second world war and was used in Bosnia and Kosovo, why was the money to protect against that threat not spent at the start, when probably half the amount that is having to be spent now would have been required?

Mr. Havard: As I am not responsible for that matter, I cannot answer the hon. Gentleman's question, but I know that he has an interest in Kinetic activities of various sorts. He is right to identify the problem. Work is going on. I am saying merely that, although the right thing is being done, because of the way it is presented to us, it appears to be a bit rushed and being done a little too late. I do not think that that is true in some respects, but that is how it appears to us because of the way in which the finances are presented to us. I want to be confident that that is not happening; that is part of the reason why the Committee has asked for a more regular mechanism whereby what is actually being done is made visible.

Mr. Brian Jenkins (Tamworth) (Lab): Does my hon. Friend, like me, believe that the MOD sends a blank cheque to the Treasury and asks for it to be signed, or does he believe that there is a list of operational requirements with moneys attached? Does he agree that it would be to the benefit of accountability if the Committee received that list after it was approved by the Treasury, so that we could then scrutinise it?

Mr. Havard: Yes, there are mechanical processes that we could put in place that would facilitate better understanding, not only on the part of the Committee, but on the part of everyone who signs up to the estimates—the whole House on behalf of the whole population. That suggestion might be worth considering but no doubt there are others. I am not a management accountant or a policy wonk—I do not understand how some of those processes work and, to be frank, I do not want to, but I am sure that the pointy heads in the Treasury could come up with processes that would do that for us. The political aspect is what is important—if we have visibility and transparency, we might get better-quality decision making because we have a better understanding of the issues. To be frank, some people do not understand the issues of timely supply and what is actually happening as clearly as they should.

Let me return to my arguments about capital and, more importantly, repair and provision of equipment. I was pleased by last Thursday's decision about the Army Base Repair Organisation, although there has been an understanding about that for some time. However, I want to see figures on spending on urgent requirements

and on capital depreciation of assets. I want to be confident about how existing assets will be maintained and their life perhaps extended. I want those things to be made clear. It is clear from that decision that we know that we need more armoured vehicles and that we need a better supply. The methods that are currently used are not wrong, but different methods are available. There is a relationship between all those things, and the Select Committee is working on a report on defence industrial strategy. We have a clear defence industrial policy, including a force generation process that assesses the number of people required against a set of defence assumptions. Perhaps we should have better individual debates about each of those matters but, more importantly, they relate to the industrial strategy for delivery which, in turn, is related to the way in which the money flows.

Those interrelationships are not clearly understood or debated properly in the House, so it is important to ventilate them. Partnering arrangements under a defence industrial strategy are probably a good idea for some things, but not for others. There are certain things that one needs to supply at certain times and that, frankly, one does not wish to subject to competition. ABRO has the capability to maintain armoured vehicles—whether that will be true for the new fleet is a different matter. Some estimates and decisions about when money can be spent and acquired are related to those decisions.

On the surface, I am asking a simple question about the regular supply of information but, in fact, the Committee and I are asking a very difficult question. Realistically, the answer is to provide a more joined-up process, because planning assumptions and so on depend on how the money is spent. It is not easy for the Ministry of Defence to do so, but it is vital to make those processes visible so that we achieve a better quality of understanding and, consequently, a better quality of debate. Doubtless, my right hon. Friend the Minister will be upset with me, and will have a bit of a row with me later but, although it may not feel like it, I am ally of his in this debate. At the end of the day, it is important that we show and demonstrate our own democracy at work. It is all very well for me to go on to the streets in Afghanistan and talk to ordinary Afghans about building capacity to provide a democratic process, but we must demonstrate such things in our own democratic process. In Iraq and Afghanistan, people said to me, "You come from the mother of Parliaments, so you know it all. Just tell us what to do." I said, "If I did know it all, I would be a dangerous man, and if I tried to tell you I would be even more dangerous. You have to develop it for yourself." One of the best ways in which we can help them to do so is to demonstrate that our processes are open and are seen to be open.

The debate is not just for our benefit. We need to send a message of support to our people in each theatre, whether they belong to the military, other Government Departments, the police service or other bodies that are helping to develop capacity. Money has, in fact, been provided. Our discussion is about the methodology that we should use to hold that debate properly and give those people confidence that we will maintain that funding for them. We should give similar confidence to the people of both those countries whom we claim that we are trying to help. That should be our motivation. I am not interested in what is said about the whys and wherefores of entering one conflict or another, or whether Mr. Bremer should have worn boots with his suit. We should make certain that we send the right message. May I tell my right hon. Friend that, although it may not feel like it, I am on his side?

5.8 pm

Mr. Adam Holloway (Gravesham) (Con): The report by the Select Committee on Defence states:

> "Telling Parliament that the costs of the deployment to Afghanistan is 'around a billion' is just not good enough. This is a very large amount of . . . money, and the public deserve better information on how it is going to be spent."

Costs are imprecise, because we do not know precisely what they will be. We are told that the aims are, first, to deal with instability, to extend the writ of the Afghan Government, not to allow Afghanistan to fail, to support the Afghan national army and police and to gain the good will of the Afghan people. Those are great aims, given the consequences of actions in Afghanistan that led to the events of September 2001. Secondly, as part of that we are there to assist the Afghan authorities in reducing the supply of drugs. About 90 per cent. of the heroin on the streets of my constituency—Gravesham—comes from Afghanistan and about a quarter of those drugs come from Helmand province, where our troops will be deployed.

To my mind, however, those twin aims—stabilisation and the reduction in the supply of the opium poppy—are in conflict with each other. How do we gain the good will of people in Helmand province when a very large number of them are dependent on growing poppies, not as a great money-making adventure, but as a substance crop that they grow to feed their families? I have spoken to Afghan farmers who say that if we seek to interfere with their livelihoods and do not provide sufficient alternative means of income, they will take up arms against us.

We are told that military operations will be against the greedy, not the needy, and that the involvement of the British military will be confined to

> "cordons, airlift of Afghan National Army and Police units, and help with planning".

To my mind, the consequences will generate anything but the good will of the local people. Last week, at a meeting at Permanent Joint Headquarters in Northwood, jokes were being made about whether, as a consequence of that conflict in aims, British troops would become the duty targets.

I and every person who is associated with planning for the deployment to whom I have spoken at the MOD and the Foreign and Commonwealth Office believe that the reason why the estimates of cost are so vague is precisely that we have no clear idea of the consequences of what we are proposing to do.

5.11 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): I am grateful to the House for allowing me to participate in this important debate. As my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) has said, this is one of our first opportunities to assess some of the spending commitments that have taken place not only this year,

[Mr. Tobias Ellwood]

but in the past few years. I take issue with some of the concerns that have been raised by Government Members that, somehow, we are involved in a process of simply ticking off the accounts. We must go further than simply looking at the financial aspects—the numbers—to the decisions that lie behind them. Were those decisions correct? Could the objectives have been achieved quicker or cheaper if other decisions had been made instead?

Today, as I am sure all hon. Members are aware, is the third anniversary of the invasion of Iraq. This is an appropriate time to take stock of what has happened in that country—a moment to consider what has been achieved or not achieved—and to measure the social and political progress that has been made. There are more than 200 UK dead. More than 2,300 American soldiers have been killed. More than 4,000 British soldiers have been injured.

We now know that there were no weapons of mass destruction, no missiles with 45-minute readiness and certainly no links between Saddam Hussein and al-Qaeda. In my view, it was a mistake to ignore the calls for a broader coalition to deal with Saddam Hussein. It was a mistake to disband the Iraqi military. Certainly, it was a mistake to try to link 9/11 with what was going on in Iraq. In my view, the invasion of Iraq, with the objective of helping to defeat terrorism, has only encouraged more terrorism and made the world a more unsafe place. Today's debate is about the sums involved, but those poor decisions have driven up the cost of our operations.

I do not argue about whether Saddam Hussein had to be dealt with, but as someone who has spent many years in the military—serving not only in Kuwait, but in Bosnia and other places—I have questions about the manner in which we went about getting rid of him. The inadequate assessment of the initial threat, the poor justification for an attack and the appalling management of peacekeeping have all led to the rising costs that we are debating today.

We heard only last week that 800 troops will be removed from the British forces in Iraq. The suggestion is that we are doing well and achieving our objective, but Iraq is in a very poor condition. Three months after the elections, there is still no proper Government. On average, electricity is available in Baghdad for only four hours every day, and there is no adequate water supply or sewage system—after the Americans have spent about $20 billion on the infrastructure.

Mr. Kevan Jones (North Durham) (Lab): I know that the hon. Gentleman was not in the House when the decision was taken to invade Iraq, but as someone who has been to Iraq four times, including a week ago, may I ask him not to take as gospel everything that he reads in the newspapers? Clearly, the situation in the south and the north is very different from that in and around Baghdad. I do not recognise his description as applying to southern Iraq. In the south, effective regional and local government have been working for two or three years.

Mr. Ellwood: The hon. Gentleman makes a valid point, but Basra is working in isolation from Baghdad. There is no link or co-ordination with national Government. I shall suggest a possible solution, if the hon. Gentleman will bear with me.

Harry Cohen: Is it not also the case that the democratically elected authorities are working in isolation from the British forces?

Mr. Ellwood: The hon. Gentleman contradicts the point made by his hon. Friend the Member for North Durham (Mr. Jones).

The term "civil war" is being mentioned more and more. We have been encouraged by Ministers not to talk about it, yet that is what we are heading towards. We should debate it in the House. What would be the financial consequences for our involvement in Iraq? The elections there were a positive step forward, but they galvanised the parties and the electorate along religious lines and into their ethnic groups. Consequently, the new National Assembly is unable to agree on a Prime Minister and fill the political vacuum. Granted, in certain areas, initiatives have been taken, but in Basra and other places political power rests not just with the local councils, but with the militias. They have taken advantage of the political vacuum. People seek refuge with the militias in Basra and in many major towns because they are scared and do not feel they are being looked after by the official authorities. The British Government say there is no civil war, yet 1,300 civilians were killed last month alone. There are 60 attacks a day, on average, and about 30 bodies are found on the streets every day in Baghdad. How high must the daily death toll rise before the Minister acknowledges that Iraq is in a state of civil war?

The Minister spoke about contingency planning. I should like to know what will happen if the current plan is not adhered to. A comparison can be made with Bosnia and what happened in that country—three distinct ethnic groups, opinions and differences suppressed by a dictator whose authority was strengthened by outside threats, and when the dictator was removed, the lid came off, opinions could be expressed and the result was civil war.

I have said previously in the Chamber that there is another possible solution to the situation in Iraq that we have not considered or put to the people of Iraq—that is, the managed partition of Iraq. It already exists. The hon. Member for North Durham says he has visited Iraq. If he has visited the Kurds in the north, he will know that they have their own Prime Minister. They even have their own airline. They are entirely segregated from the rest of Iraq and they have no intention of developing any stronger ties. They are quite happy to run their own affairs.

The Yugoslav model that we are trying to promote should be abandoned in favour of the Czechoslovakian model. Some form of velvet revolution should be promoted to allow segregation and the development of regional areas, including Basra.

Mr. Havard: I understand the hon. Gentleman's argument and I do not doubt that his motives are good, but do not the things that he proposes—a velvet revolution and managed partition—pre-suppose a level of control and security that do not exist? How can those

be brought about without first providing a secure environment in which such a political debate can properly take place?

Mr. Ellwood: It is not for me to decide anything. That is for the Iraqi people to decide. When I put the argument to the Minister before, he found it amusing and suggested that I was some kind of imperialist who wanted to go in and sort out Iraq's problems. He might remember the debate, and he knew perfectly well that that is not what I was pushing for. It is something that the Iraqis need to decide, but the option that I have mentioned has not been debated to the full. If we speak to the Kurds, Shi'ites and Sunnis, we find that it is an option that has not been pursued. It provides the blueprint for another solution, other than the civil war towards which we are now heading.

Mr. Havard *rose—*

Mr. Ellwood: If the hon. Gentleman will make it brief, I shall be happy to give way.

Mr. Havard: The Iraqi people voted to maintain their country within its current borders. They did not vote in the last election for the partition that the hon. Gentleman describes.

Mr. Ellwood: First, the Kurds were never asked. If we look at the constitution, we see that the regions are given an awful lot of autonomy. I am suggesting that that needs to be developed even further and that, where there is no segregation, exactly what happened in Bosnia will occur. If we remove the troops or money that are going into Bosnia, I am sorry to say that the area would be likely to return to civil war. I believe that to stick blindly to the initial plans created many years ago, having learned what we now know and when they are obviously failing, is to risk the efforts and, indeed, the funding that we have put in, as other countries have done, including Iraq.

I should like to finish on Afghanistan, which I had the opportunity to visit a couple of months back, and refer to the report of my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) and the Select Committee on Defence. Page 11, paragraph 18 states:

"MoD has stated that the estimated cost of the UK's deployments to Afghanistan will be £1 billion"

over the next five years. It goes on to state:

"We asked for a breakdown of this cost by financial year and by purpose."

I think that the response was wanting. I put it to the Minister that this House deserves more detail than simply saying, "We would like a cheque for £1 billion over the next five years." Where will the money go, how will it be spent, where will it be invested and how will it help Afghanistan?

There has been a US-led counter-insurgency operation on the one hand and NATO operations on the other. The two are not working together. There are completely different lines of responsibility. Now that we have moved into south-west Afghanistan, we have already seen evidence of mission creep. We are in the Helmand area, but no sooner did the Norwegians in the north get themselves into a spot of trouble than the British, who are supposed to be based in the south-west, were airlifted north to bail them out of trouble. There is nothing wrong with that—it is exactly how things should work—but straight away, we are seen as a rapid reaction force for the whole of Afghanistan. If that is the case, fine, but it should be stipulated and made clear. Those involved should not say that we are in charge of one region and then provide extra tasks.

Are there enough troops in Afghanistan to do the job? We all want to support our troops, but we have sent 5,000 into southern Afghanistan to patrol and look after an area twice the size of Wales and somehow deal with the narcotics production and terrorism that are taking place there. That is wholly inadequate for what we are trying to achieve, and it is another example of how mission creep will play into the situation.

My time is running out and I appreciate that others want to speak. There are an awful lot of answers here, however, and I encourage the MOD, Ministers and so on to reconsider what our true objective is in Iraq and to clarify what we are doing in Afghanistan, for the benefit not only of those of us here who are dealing with the finances, but of the troops on the ground.

5.23 pm

Bob Russell (Colchester) (LD): I congratulate the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) on an excellent speech in which he encapsulated the past, present and possible future. It is a pity that he was not in the House when the Iraq debate was going on, because he might have influenced some Opposition Members.

May I ask the hon. Member for Leyton and Wanstead (Harry Cohen), in maintaining his consistency in criticising his Government's adventure in Iraq, nevertheless to pay tribute to the British troops, who are doing a fantastic job? If he could offer just one or two sentences in praise of our troops, he would go some way towards those who may think that he is being critical of them.

Harry Cohen: I thank the hon. Gentleman for giving me the opportunity to do just that: when I was a member of the Defence Committee, I spent a lot of time praising British troops. When British troops are given a rotten job, the failure is not theirs but that of President Bush and others.

Bob Russell: I am grateful to the hon. Gentleman for clarifying his position so eloquently. I congratulate the Chairman of the Defence Committee, which will take away from today's debate one or two points that I shall come to shortly, on his presentation.

I represent the garrison town of Colchester with great pride and affection, and 2 Para is in Iraq, while 3 Para will shortly go to Afghanistan. When 2 Para returns from Iraq, the 2nd Battalion the Royal Anglian Regiment, which is the regional regiment for our part of the country, will go out there, so I have more than a passing interest in what happens to British troops in Iraq and Afghanistan. Just a week or so ago, I had the privilege of travelling with the Committee considering the Armed Forces Bill to Iraq. The Minister knows this, but I am proud to say that the morale of soldiers, sailors

[Bob Russell]

and Air Force personnel is great. I have pride and affection for those young men and women—the number of young ladies is increasing—and for the officers.

Sadly, the Committee arrived in Iraq soon after two members of 2 Para lost their lives. I pay tribute to them and to last night's BBC "Panorama" programme, which provided a balanced account of what British troops are doing in Iraq: helping to bring that country up to the democratic standards and civilisation that this Government feel should be provided there. I say that as somebody who voted against the war, because we are not here tonight to discuss why we are there: we are there, and it is our duty to remain there and try to help the Iraqi people.

Jeremy Corbyn (Islington, North) (Lab): I acknowledge the points that the hon. Gentleman is making, but does he accept that many families of soldiers who have tragically been killed in Iraq and others in the services community have serious doubts about the strategy and take part in anti-war meetings because they think that British troops should be withdrawn?

Bob Russell: I acknowledge the hon. Gentleman's point, but, as I said, we have a duty and responsibility to remain for as long as the Iraqi Government wish us to remain. People who join Her Majesty's armed forces do so in the knowledge that they could be deployed to parts of the world to which they may not want to go, but that is a reality of life. The "Panorama" programme was poignant, because within an hour of an officer being interviewed, that officer and a young private, who also appeared in camera, were tragically killed. The BBC's presentation vividly brought home what is going on.

Others have discussed the broader picture, but I shall concentrate on some relatively minor matters that are nevertheless important in the totality of events. I hope that the Defence Committee will consider the Army Base Repair Organisation. In the space of three months, the Ministry of Defence has gone from proposing large-scale cuts in ABRO to last week's welcome announcement that the job losses will be fewer than originally proposed. My concern is that some MOD boffins concluded three or four months ago that ABRO should be reduced in size, but on reflection concluded that that was not such a bright idea. It may well be that some of the work that ABRO does could be privatised and put out to privatised contractors, but that would take away the dedication, consistency and continuity of a skilled work force who live and breathe the Army just as much as anybody in uniform. I sincerely hope that the MOD will think again, even on the job losses that it is still going ahead with, and I hope that the Defence Committee will consider the whole scenario.

The Minister of State, Ministry of Defence (Mr. Adam Ingram): It is worth while the hon. Gentleman reflecting on the fact that 5 per cent. of what ABRO does is already obtained from the commercial sector. We are trying to grow that and to give ABRO's work force, wherever they are located, the best possible opportunity in terms of that future. We are some years away from doing what he suggests.

Bob Russell: I thank the Minister for that. Nevertheless, last time I went to the ABRO workshops in Colchester, I saw vehicles having desert camouflage applied, which is not usual for the Colchester garrison area. I assume that there must be a link there.

I should like the Defence Committee to look back at the closure of the clothing and textile research laboratory in Colchester, which will undergo its final death throes in Oxfordshire next week. The world's leading research establishment is being destroyed. I mention that because, when I visited Iraq, personnel raised with me two issues that are small in the grand scale of things but important for the day-to-day well-being of our troops: first, the fatigues with which they are issued are not necessarily the best for a desert climate; secondly, the mattresses with which they were issued have plastic covers. I am not an expert, but I know that, in a hot climate, plastic covers on mattresses are not the best option. Moreover, I have slept in youth hostels and scout huts that are better than some of the accommodation that our young men and women are expected to occupy. These are not temporary camps but have been there for three years.

Mr. Kevan Jones: On the rubber mattresses that the hon. Gentleman mentions, does he accept that the commanding officer knew nothing about that and put it right as soon as it was raised by members of the Committee?

Bob Russell: That proves the power of an all-party delegation to get things sorted just like that.

Something must be done about the transportation of our young men and women back to the UK from Iraq. I cannot speak about Afghanistan because I have not been there, although I hope that the invitation is in the post. A memory that will always stay with me from when we boarded the plane is the sea of faces with people all wearing battle fatigues and looking forward to their return to the UK for one week, two weeks or whatever it was. This was on a chartered holiday flight. That might be all right for a two-hour flight from Gatwick down to Tenerife, but cramming that number of our young men and women into a plane where legroom is at a premium for an eight-hour flight is not the right way to treat them.

Mr. Jones: Does the hon. Gentleman agree that it was made worse for the poor individual who had to sit next to him all the way back from Qatar?

Bob Russell: I do not recognise that insult. I am trying to make a serious point. I ask the MOD to consider whether the air transport that it is supplying is appropriate for that number of people over that distance and time.

The entire Committee was immensely proud of our troops. The reason for our presence in Iraq is an issue for another day, but what we saw was impressive and I hope that all hon. Members, irrespective of their views on the Iraq war, will join me in thanking all those young men and women for the marvellous job that they are doing.

5.34 pm

Mr. Crispin Blunt (Reigate) (Con): It is always a pleasure to follow the hon. Member for Colchester (Bob Russell). He says that the reason for our presence in Iraq is an issue for another day. That did not stop him making an ill-starred intervention on my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind), who was against the war.

I support the brief but authoritative speech of my hon. Friend the Member for Gravesham (Mr. Holloway) on Afghanistan. I shall revert to that in the latter part of my contribution.

My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) said that linking 9/11 and operations in Iraq was a mistake. It was not a mistake but a deceit, and that is part of the problem. The leaders of the United States and the United Kingdom, who took us into the conflict, perpetrated several other deceits, but that first deceit, most of all, has caused the enormous problems for the liberal west in the whole region.

My right hon. and learned Friend the Member for Kensington and Chelsea made an important and properly learned contribution on Iraq. He reminded me of the view that I took in 2004 when I served on the Select Committee on Defence. On my visit to Iraq, I learned that British and American forces were, even then, as much part of the problem as the solution. If that was the case then, how much more is it the case now, two years on? Our challenge is reconciling an exit from Iraq and trying to sustain the stability of the Iraqi Government, their democratic institutions and the institutions that we are putting in place, with the Iraqi people's perception of us as the occupying powers.

I am not yet satisfied that the penny has dropped with United States forces, or that the rather alarming account of former SAS Trooper Griffin in *The Sunday Telegraph* last weekend does not continue to represent the mode of operations by United States forces in Iraq. Operating as an occupying force, as though killing Iraqis in Iraq was defending the front line of the United States, sadly appeared to be the rule, not the exception. Former SAS Trooper Griffin's view was that officers who took a different line on their relationship with the Iraqi population were the exception, although there were honourable exceptions.

That account of British forces on joint operations should give us all significant pause for thought. I look forward to the Minister's comments about whether the style of American operations has started to change, giving the Iraqi people the chance of perceiving Americans differently when they leave.

Mr. Kevan Jones: I have had previous discussions with the hon. Gentleman about his views on Iraq. Had he not already written an article for a national newspaper outlining all that he has said in the debate before he set foot in Iraq in 2004? Is not it true that his comments are not based on what he has seen on the ground but his prejudices, which existed before he went? The newspaper article appeared on the Wednesday that we were in Iraq.

Mr. Blunt: The hon. Gentleman is correct about the timing and I am happy to say that what I saw on the ground confirmed my previous assessment. An isolated visit to British troops in heavily restricted conditions in Basra should not take one's eyes off the wider strategic position of taking in all the information from the whole country of Iraq. He saw what I saw on that visit, as we travelled round Basra in the back of armoured vehicles. That was when the situation in Basra was relatively benign, before the threat of improvised explosive devices had become as bad as it is today. I suggest that my article might bear his re-examination.

Jeremy Corbyn: Does the hon. Gentleman acknowledge that the removal by the United States of people, particularly from Afghanistan, to Guantanamo Bay and their treatment there are major causes of unrest throughout the region, especially in Iraq and Afghanistan? Does he agree that the only way forward is the immediate closure of Guantanamo Bay and the immediate acceptance of the role of the International Criminal Court and of international law in general, of which the United States seems to be completely ignorant?

Mr. Blunt *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Member for Reigate (Mr. Blunt) will obviously answer that intervention in his own way, but I do not think that we should widen the debate too much.

Mr. Blunt: I am grateful for your guidance, Mr. Deputy Speaker. The answer to the hon. Gentleman is that I agree with him. There are many major causes of anger against American and British interests, and, sadly, Guantanamo Bay is only one of them. It is just one cause of our problems.

Mr. Ellwood: Will my hon. Friend give way?

Mr. Blunt: If my hon. Friend will forgive me, I would like to finish my remarks, but if I have time to spare, I will of course give way to him.

My hon. Friend the Member for Gravesham dealt with Afghanistan briefly but with considerable authority. The fact that he has received accounts that people at Permanent Joint Headquarters are now referring to the British forces going to Afghanistan as the "duty targets" gives some indication of the depth of concern and perhaps cynicism about the likely success of that operation.

The estimates that we are considering today are extremely vague, as the Defence Committee pointed out. They refer to £1 billion here or there over three years, for example. The money is vague because the role and the mission are alarmingly vague. There is broad consensus that we are not sending enough troops to deliver the mission that they have been invited to undertake, but the force is also too large to extract easily. My worry is that, as the Americans downscale their operations in Afghanistan, the United Kingdom could be left holding the Afghan baby. The history of Afghanistan for foreign forces is an extremely unhappy one. The Afghan population will not easily be able to differentiate between the British—with our long history of association with Afghanistan, the rules of engagement that apply to our forces and the restraints that we place on them—and the Russians, the

[Mr. Blunt]

Americans and perhaps the British of the 19th century. We will all be lumped together in the same category by the Afghan people.

The hon. Member for Merthyr Tydfil (Mr. Havard) spoke of the importance to the soldiers on the ground of civil-military relations, but chose not to dilate on the state of civil-military relations likely to be faced by our troops during their operations in Afghanistan. Our forces are being invited to destroy the method by which most Afghan people earn their money. That method is, admittedly, unacceptable to us, given the huge danger to our constituents and our country, as well as to the whole of Europe, represented by the heroin emanating from Afghanistan. However, if we destroy the Afghan people's main income earner, they are unlikely to be too pleased with our presence, and we shall not easily be able to establish good civil-military relations there. I am worried that our troops will quickly end up behind armour, having to defend themselves from attacks not only from those who are already hostile to us, but from those whom we are about to make hostile. In that sense, we will never be able to achieve during forthcoming operations in Afghanistan, on any basis, the civil-military relations about which the hon. Member for Merthyr Tydfil was talking.

Mr. Havard: Actually, I am the Member for Merthyr Tydfil and Rhymney. The hon. Gentleman had better not forget Rhymney, or the people there will be over the hill with blue faces and pointed sticks. Tribalism is something that I know about.

I was not dodging the issue and would be only too happy to debate it with the hon. Gentleman. He is right that it is the key to the whole exercise and I hope that the interdepartmental drug unit and the joined-up approach between various Departments will address some of that. The task is not solely military—in that sense, he is correct—and those relationships are one of the issues that the Defence Committee is considering. He will understand and, I hope, agree that the Afghan people wish to see such relationships, as all the polling suggests.

Mr. Blunt: The hon. Member for Rhymney as well as Merthyr Tydfil has taken a quarter of the time remaining for my speech. I am not the only one concerned about the change in nature of the Afghan people's view of foreign forces. In May 2005, following reports of abuse of Afghan detainees by American forces, the President of Afghanistan said that he feared that popular resentment was building against the international military presence and the Americans in particular. It will be difficult for the Afghan people to differentiate the Americans and us. I saw that the British general in Iraq who was interviewed on "Panorama" the other day was wearing American stars on his uniform. In one sense, I have always been a supporter of inter-operability and operating together, but if our soldiers are putting that on their uniforms so that the Americans know that we are on their side, ordinary Afghan people might be forgiven a greater degree of confusion.

I commend to the House the brief and authoritative speech by my hon. Friend the Member for Gravesham, who has considerable knowledge and expertise in this area. I look forward to the report of the Defence Committee on the deployment to Afghanistan. It is extremely important that Members who have knowledge of the scale of the task for the soldiers whom we are sending to Afghanistan warn the House and, through the House, the country at large, of the difficulties that they will face. The House can then come to proper conclusions about the resources that they will require to carry out the role that we have invited them to perform, or whether they should carry out that role at all.

5.47 pm

Dr. Julian Lewis (New Forest, East) (Con): When I first entered the House in 1997, it was not long before the bright, shiny new Labour Government came out with a bright, shiny new Labour foreign policy. That foreign policy was to be an ethical foreign policy. We do not hear too much about that these days, not because we think that our foreign policy is not ethical, but because the experience of office has shown the Government that foreign policy and, by association, defence policy, is often not a matter of positive ethics but of deciding which is the lesser of two evils.

That has been illustrated by a number of speeches today, not least that of my hon. Friend the Member for Reigate (Mr. Blunt), comparing the differing objectives between wishing to clean up the trade in opium from Afghanistan, and not wishing to forge an alliance between the local farmers who depend on growing opium and the Taliban and other extremists and insurgents who were not normally in any form of prior alliance, but who could be forced into an alliance if we are heavy-handed about achieving the anti-drugs objective. In other words, one must sometimes choose the least worse policy.

That was also implicit in the speech of my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) when he said that it looked as if Iraq were ending up with a Government far more pro-Iranian, in terms of the alliance of the two adjacent countries' Governments, than one would ever have wanted. He did not say this explicitly, but I detect an underlying belief that the policy that was followed for years, and subsequently denounced on so many occasions—the policy of supporting Saddam Hussein—was completely unethical, which it probably was. It is likely, however, that when discussions were held in the Foreign Office in his day, the argument would have been, "Yes, but what is the alternative—some sort of axis, nexus or alliance between extremist fundamentalist Governments in adjacent countries?" It is not easy to choose between those two evils.

The point is that a choice between evils must often be made. There is no morally free "get out of jail" clause that can be invoked by those burdened with the responsibility of deciding on a foreign policy or a defence policy in the modern world, which is peopled—as no doubt were the mediaeval and ancient worlds—by some very nasty regimes.

Harry Cohen: I am aware that the Conservatives, with some honourable exceptions, voted for the war in Iraq. Does the hon. Gentleman not agree, however, that that was a war of choice? It was very different from the wars that we had fought previously, especially those that

preceded the second world war. At the time of those wars we had a defence policy that was a policy of defence: war was a last resort. Is the hon. Gentleman now declaring himself to be in favour of wars of choice? Does that mean that if—God forbid—the Conservatives ever won an election and the hon. Gentleman arrived on the Government Front Bench, we would be entering into wars of choice throughout the globe?

Dr. Lewis: I am sorry that the hon. Gentleman does not seem to have understood my point, which was that the choices we make often have deleterious consequences, whichever horn of the dilemma we choose. We have to choose the least worse alternative. In the case of Iraq, I believe that the person who chose the war was the person who, having previously mounted an unprovoked and bloody invasion of another UN member country, proceeded to ignore injunctions from the international community—and that was Saddam Hussein.

Saddam Hussein seems to have behaved in a very strange way. If he knew that he did not have weapons of mass destruction, he was certainly sending very unusual and unwise signals to the world. In obstructing the investigations for so long, he was doing all he could to suggest that he had something to hide. I am not at all ashamed of having made the decision that I made to support the war, given the knowledge that we had then. I do not think that the hon. Gentleman—who of course did not support the war—does our forces any favours by expecting those of us who did support it to say, "We're terribly sorry, we were wrong." Decisions can be made only on the basis of the evidence available at the time, and everything about the way in which Saddam's regime was conducting itself indicated that there was something to hide—something that we could not take the chance of letting him have.

I am glad to say that I have, in a way, received an answer to a question asked of me by one of my hon. Friends a few minutes before the debate began. The question was this: given that we would be debating a report on the estimates, to what extent would we be allowed to wander into substantive issues of foreign and defence policy? I am glad that successive occupants of the Chair have allowed that to happen.

The Government's presentation of a skeletal outline amounts to an opportunity lost. The message conveyed by my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) and his Select Committee is that there is no earthly reason why the Government, and the Ministry of Defence in particular, should not be a great deal more forthcoming. It has been suggested that one reason for the sketchiness of the information in the estimates is that the Government's vagueness about what policy they will adopt prevents them from being more precise in accounting for the large sums whose expenditure they expect us to approve. As the Committee has pointed out, however, that is given the lie somewhat by repeated indications in correspondence from the Ministry of Defence that in its dealings with the Treasury, the MOD adopts a system very different from that which it adopts in its dealings with the House of Commons.

If it is possible for the MOD to ensure that the Treasury is updated so regularly as the time when the expenditures take place unravels, why is it not possible for it to ensure that the House of Commons is similarly updated? Is it because of security considerations? I think that my right hon. Friend and his Committee have proved themselves time and again to be capable of being taken into the loop when any confidential material needs to be divulged. It is not necessary to argue that the House of Commons as a whole cannot be trusted with the fine detail; in the Select Committee system we have an apparatus that assuredly can.

According to the report, the way in which the MOD has been satisfying the Treasury's requirements suggests that it regards Parliament, by contrast, as something of a rubber stamp. The Committee demanded that the MOD recognise that the agreement of the Treasury is not a substitute for parliamentary approval, and that giving the Treasury information is not enough. This is not just a question of the quantity or detail of the information; it is also a question of the format. I was relieved to read on page 11 of the report, in paragraph 19, the sentence:

"The Supplementary Estimates are very hard to understand by any but the most expert reader."

Amen to that. There was very little in the documents, even after the MOD had had three goes at addressing the problem.

The Government have not been slow in producing many bulky reports during the years in which I have been in the House—enough to depopulate more than one rainforest. Why, when it is a question of spending £1 billion at a time, or more, in adjusting the estimates, are we left with documents as small and scrappy as those appended to the report? Page Ev 7 of the report deals with the MOD's second memorandum. Under the heading "Capital DEL"—departmental expenditure limits—we read:

"The Department's estimate for Capital Expenditure in Request for Resources 2 relates principally to equipment purchased as Urgent Operational Requirements... and accelerated capital repair costs on equipment in operational use."

All that happened was that one line in the original report was "broken down" into two lines in the second report. The Minister nods. I can only assume that if my right hon. Friend and his Committee had persisted day in day out, and week in week out, in trying to elicit more information, they might have been given a substantive account of what the MOD money would be spent on—more or less in time for the estimates after next.

More needs to be done, and one wonders why the MOD is not doing it. The suspicion has to be that a civil service "Secret Squirrel society" mentality leads the Ministry to say, "We mustn't tell these MPs too much about how we're spending the money, because if we give them anything to get their teeth into, those teeth may bite." I am sorry to say to the Minister—a likeable chap whom I greatly admire—that it is the job of MPs to get their teeth into such issues, and sometimes those teeth will indeed bite. Indeed, they occasionally do so on behalf of the common cause that we like to think we make when important defence issues are at stake.

My right hon. Friend the Member for North-East Hampshire set the admirable precedent of speaking for only 10 minutes, which is one reason why I am encouraged to be slightly more discursive than I otherwise would have been. Apart from anything else, that showed that he expected all Members present to have read his report, in which everything is set out with great clarity.

[Dr. Lewis]

This is my first opportunity to congratulate the hon. Member for North Devon (Nick Harvey) on his new post, and I am genuine in doing so. It is a great privilege to be a defence spokesman for one's party, and I am sure that he will perform that role with great awareness of the responsibilities that it entails. He raised pertinent questions about the long-term financial implications of extended counter-insurgency operations. I was particularly pleased to hear him say robustly that we cannot pull out of these commitments in a hurry, because we do not always hear that in this House. We often hear those who do not like the war, and who wish that we had never gone into these countries, describe the way forward as precipitate withdrawal. But whatever one thinks about the circumstances that led to our entering them, precipitate withdrawal would be a disaster for their peoples.

The hon. Member for Leyton and Wanstead (Harry Cohen) has shown admirable consistency on this issue before, during and after the war, and in the light of his contribution, we can be sure that anything corrupt ever done by anybody in the United States of America will not escape his attention. However, I was pleased to note that he was, as usual, honest enough to admit that those involved in the examples of corruption and exploitation that he described ended up in jail.

It is a pity that those who are killing and maiming innocent Iraqis—they claim to be their representatives, but in fact they support the murderous regime that was there before—are not in jail, or criticised in the manner that our western Governments who are trying to establish a free and democratic system for Iraq are criticised. It is one thing rightly to point out how many people have been killed in Iraq, but it is a sad omission not to point out that many of them are killed in bomb explosions for which the people who claim to be fighting for Iraqi freedom are responsible—and that the latter could not care less who the victims are, so long as they create mayhem and frustrate attempts to reconstruct Iraq.

Harry Cohen: I am afraid that the hon. Gentleman is being much too pious. Through one of its biggest operations in Iraq, the United States is now doing a mass slaughter job. He has also forgotten about other US attacks, such as that on Falluja. I condemn atrocities and killing on all sides; I wish that he would do the same.

Dr. Lewis: I can assure the hon. Gentleman that I have barely begun to be pious; I have a lot more piety left in me. In referring to Falluja, he has reminded me of the report that says that after the attack on Falluja, al-Zarqawi was in the hands of American forces but unfortunately was not recognised and was allowed to go free. I am happy to acknowledge that that was a failure—but had he been recognised and not been allowed to go free, that operation would have been justified by his capture alone.

My right hon. and learned Friend the Member for Kensington and Chelsea spoke with massive authority, and although I do not agree with him on this occasion, it is always an intellectual treat and an object lesson to hear him present his case. I was slightly surprised at the rather strict criteria that he applied to the basis for military interventions. He said that they should happen only when a country is attacked, or where a treaty with another country triggers us to go to war. I was surprised that he did not also mention the newer criterion of humanitarian intervention, although I would not argue that it was cited in the case of Afghanistan or Iraq.

Sir Malcolm Rifkind: I did in fact mention a third consideration that might justify war: when there is a sufficient degree of international support, through the United Nations Security Council or even some other method, to give legitimacy to action that would otherwise not be defensible.

Dr. Lewis: That is exactly what my right hon. and learned Friend said, but he did not say that when the country in question is not being attacked or about to be attacked—be it one's own country or a country for which one has responsibility—there is a newer, more debateable criterion: that a humanitarian disaster is unfolding in that country. I am sure that he had that in mind in outlining his third criterion, but he did not mention it. I make that point because it illustrates that international law is not set in stone; it evolves as time goes on.

We have to recognise that the threat currently faced by western countries is so irregular and so unmindful of existing laws and conventions—indeed, those responsible for that threat deliberately set out to flout them—and so new, involving as it does the existence not only of weapons of mass destruction but of groups who, if they got their hands on those weapons, would unhesitatingly use them, that international law may need reviewing. Those who do not recognise that point presumably argue that in no circumstances should we intervene—not even if the country in question makes the most reckless and bellicose pronouncements, and not even if there is high-grade intelligence suggesting that its Government are about to acquire weapons that could well be passed to groups that would unhesitatingly use them.

That was the basis on which the Prime Minister convinced the House of Commons that we needed to act, and at that time Ministers had good reason to believe that that was the true situation. I only regret that certain notorious spin doctors were allowed to over-egg the pudding. The lesson of history is that if we are honest with the British people about the limitations and content of our knowledge they will trust us, and that we betray that trust at our peril.

Richard Younger-Ross (Teignbridge) (LD): I am listening to the hon. Gentleman very closely. He made the case for a pre-emptive strike where there is an imminent threat, but he seemed then to wander away from that, almost implying that a case exists for pre-emptive strikes in general. Does he think that such a case could be made in respect of Iran?

Dr. Lewis: What I am saying is that there are conceivable circumstances in which military action might be necessary even if a threat was not imminent, if a country that was not bound by the normal conventions, understandings and value systems of the international community were about to acquire mass destruction weapons. I do not think that, under the existing narrow interpretation of international law, such a situation would count as an imminent threat. I say

quite clearly that I believe that there are some circumstances in which some regimes should be prevented from acquiring weapons of mass destruction. I make no apology for saying that—and particularly not to the hon. Gentleman, who came late to the debate, although I was delighted to take his intervention.

I will conclude my remarks by making a couple of brief references to the other contributors. The hon. Member for Merthyr Tydfil and Rhymney (Mr. Havard) made a strong defence of Parliament having its say, even when it can be embarrassing to one's own side. My hon. Friend the Member for Gravesham (Mr. Holloway) made a strong point about the apparently conflicting motives of our strategy in Afghanistan, but I have referred to that already. In support of what he said, I draw the House's attention to an article in today's *Financial Times*, "Afghan officials face public fury as farm aid fails to materialise". It refers to one of the more northerly provinces and quotes the district governor in that impoverished area as saying:

"It would have been far better if we had promised nothing and simply told villagers that growing opium is against the law".

The disappointment that has arisen in that part of Afghanistan at the failure of compensation for not growing opium to arrive is clearly proving a source of grave irritation, friction and potential danger for our forces.

My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) took the radical view that a process of managed partition—what he called a velvet revolution—might be the answer to the situation in Iraq. I commend him for persevering with a view that at present may seem unorthodox. The strange thing is that solutions that start out by seeming unorthodox sometimes end up being adopted and vindicated in the future.

The hon. Member for Colchester (Bob Russell), as always, spoke up for the Army units based in his constituency. Again, he took the very robust view that we should stay as long as the Iraqi Government want us to. I have already referred in suitably complimentary terms to the excellent contribution by my hon. Friend the Member for Reigate.

In conclusion, the Committee has done a great service to the House of Commons, both by putting the Ministry of Defence on the spot about the inadequacy of the detail with which the estimates have been put forward and also, as my right hon. and learned Friend the Member for Kensington and Chelsea pointed out, by giving us an opportunity to debate some of the substantive issues that the Government have not been in a hurry to bring to the Floor of the House, at least since the general election. The Government should have the courage of their convictions. There is nothing to be afraid of in airing these matters in the House of Commons. Various Labour Members have debated them time and again when the opportunity has arisen. We debate these matters without rancour. We do not always come to an agreement, but at least we agree that the opportunity for a debate provides the best possible way of allowing an intelligent electorate to make up their minds.

6.13 pm

The Minister of State, Ministry of Defence (Mr. Adam Ingram): Any debate that has the word "defence" in it usually ends up being wide ranging and the situation is no different today. We have covered quite a gamut of subjects, but there has been a core to the debate. I will do my best to reply to all the points that have been raised. It is always useful in a winding-up speech to be able to say, "If time permits," but I am conscious of the fact that there is quite a lot of time available, which will mean that I may have to expand on some answers because I do not have answers to other points.

Let me just make this point in passing to the right hon. Member for North-East Hampshire (Mr. Arbuthnot), who opened the debate. It was not long ago that he was a Minister. I suppose that if he had laid down new reporting procedures for the Department when he was there, this debate would be taking place in a different context. Only he can say why he did not think it necessary at the time to push for that. However, the Committee has raised issues that have provoked debate on matters of interest, which I will seek to address—perhaps not wholly satisfactorily today, but I will indicate the way forward on that. I also thank him for the considered way in which he opened the debate. He could have taken longer, as it turned out, and helped me by leaving a shorter time for my winding-up speech. His favourable comments on the role of the Defence Procurement Agency—there is also the Defence Logistics Organisation, which he did not mention—in the processing of urgent operational requirements were well made. Those organisations work extremely hard. The issue is not just about those who are seeking to purchase; as he knows only too well, it is also about those who are seeking to deliver. Sometimes the industry is in-house, sometimes it is external, but it really delivers for us in these times of urgent need. I will deal with the key elements of the report.

I want to deal with two major contributions, although I will try to deal with all the contributions. I welcome the hon. Member for North Devon (Nick Harvey) to his new role. This is a more substantial debate than he experienced in his early introduction to that role. He should keep a close eye on the Order Paper because he is likely to be busy in the period ahead and he may reflect on why he took on such a task. I do not underestimate the massive learning curve experienced by all of us who become engaged in defence, but if that means that there is an opportunity to score political points off him, I will. I was not clear whether he supports the expenditure that we are now committing to the conflict in Iraq.

Nick Harvey *indicated assent.*

Mr. Ingram: That is very helpful. At least we have the support of the hon. Gentleman's party for what we seek to do at present.

The hon. Gentleman raised questions about reconstruction costs in Iraq and expenditure intentions for Afghanistan in matters relating to counter-narcotics. Some of that does not sit within the estimates, as I am sure that he will appreciate. I will deal with that in a moment. He mentioned the allied rapid recruitment force. Just for the record, it is the Allied Rapid Reaction Corps—that is the first lesson on defence. We all get our words mixed up sometimes, but it is important to get that corrected.

Reconstruction in Iraq is continuing. It is not an easy territory or environment to achieve that in, because of the level of threat and the malign efforts of those who are

[Mr. Ingram]

trying to destroy not just what the coalition are seeking to do for the Iraqi people, but what the Iraqi people are trying to do for themselves. There is regular sabotage of both power lines and pipelines. A lot of effort is put in to deal with that. Hopefully, more progress will be made in the period ahead.

There is a growing economy. It is not, in one sense, an economy in free fall. There are indications of growth in the economy, but it should be much more rapid given the oil wealth. Insurgents and those who are trying to destroy what we seek to do attack power lines because that stops the oil industry's capacity to produce. They attack the oil industry itself for the same reason. There are measurable improvements in water and sanitation systems and schools and hospitals have been constructed. So, there are ways in which we can measure progress.

Harry Cohen: Will the Minister give way?

Mr. Ingram: No, I am going to deal with this point first. I will come to what my hon. Friend said and perhaps he can intervene then.

The Government have pledged a total of £544 million for reconstruction during 2003 to 2006. More than £460 million has been disbursed to date. That is a considerable effort. In a sense, I do not take the view of my hon. Friend the Member for Leyton and Wanstead (Harry Cohen) that a lot of that money may be misappropriated or deliberately taken away by those intent on malfeasance. There might be examples of that happening, but it is not a feature of our accounting practices and the way in which we try to deliver.

When my hon. Friend raises a question about such activity, he is casting an aspersion not on military people, but, in the main, on civilian people who face daily risks when trying to deliver the reconstruction effort in troubled parts of Iraq. Putting all that in context is worth while. The hon. Member for Colchester (Bob Russell) asked my hon. Friend whether he ever made favourable comments about our armed forces. I heard my hon. Friend's response, but hope that he also realises that many brave civilians are making an amazing effort to deliver such reconstruction.

Harry Cohen: I am astonished by the Minister's last comment. He is saying that because people are taking risks as civilian contractors, it is all right for them to do a bit a malfeasance. I do not think that it is, so he should reflect on his comments.

The Minister makes a point about reconstruction. Let me remind him of the point in the *New Statesman* about hospital supplies that I cited in my speech. Iraqis do not need to be involved in the production of medical equipment and basic supplies for hospitals. We could have just shipped them in, flight after flight, on our Hercules airplanes. We could have sent mass supplies to equip the hospitals properly. Why have we not done so?

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Gentleman's intervention must be brief.

Mr. Ingram: My hon. Friend of course completely misconstrued what I was saying. I was not in any way justifying any wrongdoing on the part of people who have their hands on public money in Iraq or anywhere else. I was saying that a balance must be struck when analysing the situation. My hon. Friend made severe criticisms without putting balance to them, so I was merely putting forward such balance. I noted that he still did not congratulate those civilians on all that they are doing to help to reconstruct Iraq.

Let me return to the points made by the hon. Member for North Devon. There are infrastructure projects worth £30 million in south-east Iraq. There are power infrastructure projects worth £40 million and there is £6.5 million for employment generation. There is £20.5 million for strengthening the operating capacity of the four southern governorates and to encourage private sector growth. Considerable progress is thus being made. However, those significant contributions are part of the contributions made by other Government Departments.

The hon. Gentleman asked about the capability of the Taliban and the way in which we measure that in Afghanistan. I said when I gave evidence to the Defence Committee that that capacity is difficult to measure because whoever is paying some of those who are likely to mount attacks on any given day determines the uniform that they will put on and the cause for which they will fight. We are trying to get the best intelligence that we can. Our assessment of the situation is that illegally-armed groups are limited. We do not believe that they pose a strategic threat, although we are not saying that what we are doing in Afghanistan is without risk.

The fact that the insurgency tactics have changed suggests that the groups are failing to make headway. However, of course, we cannot be complacent. We must take the view that the tempo of attacks might go down, stay the same, or go up, which is why such a powerful and potent international force is going into Helmand. We treat threats seriously and take every step to ensure that British forces deployed in Afghanistan are well prepared. Intelligence on what is happening on the ground is critical to that, so we put a lot of effort into it.

On counter-narcotics, we intend to spend more than £270 million in the financial years 2005–06, 2006–07 and 2007–08 in support of what we call the Afghan strategy. That includes £130 million of Department for International Development assistance that is aimed at creating alternative livelihoods. Between £20 million and £30 million will be going to specific projects in Helmand. We have a significant programme of work to address alternative livelihoods, and although others will also put in resources, only time will tell whether that is sufficient.

My hon. Friend the Member for Leyton and Wanstead asked whether we were getting good value for our money in Iraq. He should ask the Kurds and Shi'as who were systematically crushed and brutalised by Saddam Hussein and his barbaric regime. Is it worth it to remove tyranny? I think that it is. Is it worth it to give freedom to oppressed people? I think so. There is no question in my mind about what we are doing in Iraq. I think that the continuing price that is being paid for stabilising and bringing freedom to Iraq is worth it, but clearly my hon. Friend has a different view. The way in which he deals with that is a matter for him. I shall address other hon. Members' contributions later, but I

wanted to talk about those made by the hon. Member for North Devon and my hon. Friend the Member for Leyton and Wanstead first.

The debate takes place against the background of the continuing activity of our armed forces in both Iraq and Afghanistan. I would like to take this opportunity to pay tribute to the courage, commitment and professionalism of our armed forces serving in Iraq and Afghanistan in what are often difficult and dangerous circumstances—I know that the whole House will agree. However, as this is an estimates day, I had better make some progress by saying something about finance. The Ministry of Defence is seeking £2 billion in additional resources in the spring supplementary estimate. Just under £1.4 billion of that is for conflict prevention work, including almost £1.1 billion for Iraq and £220 million for Afghanistan.

Let me turn to the Defence Committee's report because it forms the basis of the debate and major contributions have been made on it. The report made nine conclusions and recommendations, and I would like to deal with each of them in turn. The Committee questioned the level of contingency built into the estimates in relation to conflict prevention. The contingency is there for a very good reason: prudence. Paragraph 8 of the Committee's report recognises that it is necessary to be prudent when dealing with contingency. My Department has to forecast the costs of a rapidly changing operational situation, so the inclusion of a contingency is wholly justified. To put the contingency in context, since last November, business cases totalling well over £100 million have been approved under urgent operational requirement procedures for a range of equipment that is required for both Iraq and Afghanistan, although not all that money will be spent in this year. I know that the right hon. Member for North-East Hampshire will understand that although a business case might be made and one might want to proceed, things do not necessarily happen in the financial year that has been suggested. That can lead to spill-over, so a contingency is important.

Mr. Arbuthnot: It was not the inclusion of a contingency that caused us concern, but the inclusion of a contingency without full supporting detail.

Mr. Ingram: I have explained some of the rationale behind that. The report recognises that some things might not be played out publicly because of such good reasons as operational considerations. It is not wise to state everything that we are doing to improve our equipment and capability in response to a specific threat. The scale of the £146 million contingency has been referred to, and I have already given an indication about the £100 million aspect of the budget. It would be difficult to give full granularity because although one can put forward a contingency, what is wanted might not materialise. Of course, if the money is not spent, the financial resource is not delivered. Over time, as specific urgent operational requirements have arisen, we have, when there has been no operational sensitivity, indicated what the requirements involve.

Recommendation 2 claims that the MOD did not take the previous Defence Committee recommendations seriously: I do not accept that. We have produced significantly more information this year than in any previous year in the estimates memorandum. The new information includes the inclusion of tables of figures that break down the detail of each request for resource; detail of transfers to and from other Departments; a detailed breakdown of provisions and, importantly, a published audit trail of changes since the main estimates. There is much more explanation and clarity than in previous years, but we have to seek to go further still and we will reflect on the points that have been made in the report.

We are planning to provide more detailed information on the cost of operations in our annual report and accounts, which is the appropriate place to do so. That information will be comparable to the level of detail we have recently provided to the Committee, and I hope that that finds favour with the House.

The fourth conclusion and recommendation made by the Committee was that agreement of the Treasury is not a substitute for parliamentary approval. I could not agree more and I am sure that the Treasury would also agree. But we would hardly seek Parliament's approval to spend money without having closely consulted the Treasury in advance. I have been closely involved in such matters for several years, with the MOD and a previous Department and I know that the Treasury has a very important role to play in the tight scrutiny of departmental requests.

The reality is that we have to convince the Treasury before embarking on any significant course of action. That is part of the discipline within government. We have to justify our accounting processes, and ensure that they are sound. They must form part of the Government's mission and we must ensure that we have sufficient resources to achieve that mission. The process of consultation with the Treasury is a very important element of the work of all Departments. Indeed, I do not think that the Committee is arguing against such scrutiny by the Treasury. We have provided more information to Parliament this year than we have done before, and where we can, we will seek to improve further.

The Committee recommends that our practice of waiting for the spring supplementary estimates to request funds for commenced operations should cease and recommends that they are requested in the main estimates. It has been the practice that that request has been made in the supplementary estimates. That has been the traditional approach because costs are difficult to forecast in fast moving operational circumstances. My Department works hard to ensure that the figures presented to Parliament are reliable, and supplementary estimates are the first occasion on which we can reach a reasonably firm conclusion. However, we will look closely at the Committee's recommendation in consultation with the Treasury.

On recommendation 6, the Government have never routinely published operations expenditure data in-year, as the Committee requests. We provide an estimate based on the forecast of the cost of operations in the supplementary estimates. At the end of each year, the actual expenditure is audited by the National Audit Office, and then published in the annual report and accounts. As I have already said, we will be publishing more detail in this year's accounts. We are trying to obtain the best information and ensure its substance so that we can be properly judged, instead of providing the working figures for the MOD and the Treasury.

[Mr. Ingram]

Recommendation 7 relates to the provision for operations in the Balkans in the main estimates. That is £64 million for the current financial year. Provision for operations in the Balkans comes from what is known as the global conflict prevention pool. Pool funding ensures that no single Department becomes liable for those costs. The Foreign and Commonwealth Office has always been the lead Department for administering the funds, and requests funding in its estimates on behalf of all the pool members. We make a contribution to the discussion on the collective amount that should be sought. We will consult the other Departments involved on the impact that making the recommended change would have on the long-established collective conflict prevention management arrangements, but I believe that the system we have works well. I am prepared to consider the point, but the current arrangements are clear. If we could do it another way, and the other Departments agree, we will come back to that issue.

Angus Robertson (Moray) (SNP): Will the Minister give way?

Mr. Ingram: Well, I wish to make some progress now. I may get the chance later to allow the hon. Gentleman to intervene.

Let me turn to the costs of Afghanistan and recommendation 8. On 26 January, my right hon. Friend the Secretary of State announced that some £1 billion would be spent on Afghanistan, which includes the £220 million being requested in this estimate. A breakdown of that was provided to the Committee at its request, the major elements of which are £121 million on infrastructure, stock equipment and the support items needed by our troops to carry out their daily duties, and £53 million on capital equipment relating to force protection. Those are the headline items, but the list also includes £150 million for resource expenditure and £70 million for capital expenditure. Resource costs include manpower-related costs of £8 million pounds, infrastructure costs of £26 million, equipment support of £15 million, stock consumption of £34 million, general costs—including food, fuel and movement costs—of £46 million and a contingency of £14 million to cover uncertainties over the planned expansion programme.

The major elements of capital costs are the urgent operational requirement and equipment support costs of £53 million and a contingency of £17 million. Costs for future years are more difficult to forecast and the Department works hard to ensure that the figures presented to Parliament are reliable. It must be our main purpose to provide reliable data—not working figures—so that we can be held to account effectively. Supplementary estimates are the first occasion on which the Department can reach a reasonably firm conclusion. I spent 10 years in opposition—

Dr. Julian Lewis: Tough!

Mr. Ingram: Well, the hon. Gentleman had better get used to tough times. I would have thought that the Committee and Parliament would have preferred hard figures rather than notional ones, on which to base their assessments.

My final point on the Committee's report is that the MOD has this year followed the scrutiny unit's guidance in producing the estimates memorandums. They were approved by Ministers and the accounting officer before being passed to the Committee. I understand that the document was not signed off, but that does not mean that it was not properly authorised. Paragraph 19 of the report makes a number of assertions that I believe are not based on fact. The Department's estimates memorandums included details on the summary of changes since the previous estimate, the most significant changes, a detailed explanation of the changes, the net additional cash required and the provisions and contingent liabilities.

On the point about end-of-year flexibility made in recommendation 9, my Department drew down end-of-year flexibility of £71.7 million in resource departmental expenditure limits—DEL—and £28.3 million in capital DEL in the winter supplementary estimates, and those figures have not changed. I have gone through some of the detailed changes and I will consider the recommendations to see whether we can proceed in other ways. Probably only two or three people who have participated in the debate have read the report through, although others will claim that that is not the case, and I have tried to answer the detailed points made.

I come now to some of the points raised by my hon. Friend the Member for Merthyr Tydfil and Rhymney (Mr. Havard). He was clear in his support for our people in Iraq and Afghanistan. He raised several equipment-related issues and the threat posed to our personnel as a consequence. The balance of risk is always factored in, in terms of force lay down. I appreciate that my hon. Friend has occasionally worn uniform when taking part in the armed forces parliamentary scheme, but on this occasion I shall stick with the advice given to me and the Secretary of State by our senior military planners and the Chiefs of Staff. However, I thank my hon. Friend for his support.

I made notes while the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) was speaking, but his hon. Friend the Member for New Forest, East (Dr. Lewis) quietly laid to rest some of the basis on which the right hon. and learned Gentleman advanced his cause. The right hon. and learned Gentleman said that there was no international legitimacy for going to war in Iraq, but he ignores the 17 resolutions that sought to bring Saddam Hussein to book. I think that he ignores the fact that every major country was of the view that Saddam Hussein had the capacity and the intention to develop weapons of mass destruction; not one country, or their intelligence services, took a different view.

The right hon. and learned Gentleman also ignores United Nations Security Council resolution 1441, which was unanimously adopted and clearly indicated that there would be consequences for non-compliance. I think he was arguing that members of the UN should have a veto on the course of action that we and other countries should take, but that is a dangerous approach, which would mean that we were constrained by the geo-political interests of our allies—those interests, rather than those we consider important, would be uppermost.

I could not work out the logic of the position taken by the hon. Member for Gravesham (Mr. Holloway). Was he saying that we should not encourage or help the

Government of Afghanistan in their aim of reducing poppy cultivation? Clearly, we should do so, but the hon. Gentleman offered no solution to the problem. I have set out the amount we are spending on alternative livelihoods and we know that the Afghans are putting in significant effort. There are risks but we have to continue. The hon. Gentleman offered no alternative approach.

The hon. Member for Bournemouth, East (Mr. Ellwood) said that it was a mistake to ignore calls for a broader coalition to deal with Saddam Hussein. However, the coalition of the willing was 32 countries-strong at the outset and increased shortly thereafter. There was a broad coalition for taking on Saddam Hussein; not every nation allied itself to it, but there was a significant combination of countries. The hon. Gentleman said that it was right to deal with Saddam Hussein, so in that case what more could have been done than our Prime Minister did? He made extreme efforts to try to ensure that there was unanimous support in the Security Council, but it was not forthcoming. As I pointed out to the right hon. and learned Member for Kensington and Chelsea, there were 17 UN Security Council resolutions over 12 years, and UNSCR 1441 was specific in its analysis of the threat posed by Saddam Hussein's regime.

The hon. Gentleman called for the managed partition of Iraq, which is territory we have covered before. He alluded to a previous debate in which a similar solution had been proposed for Afghanistan. He recovered himself a bit by saying that it was for the people in those countries to come to that conclusion, but he seemed to be indicating that, in the case of Iraq, we should encourage them to do so. I do not believe that it would be beneficial to fragment Iraq at this juncture, although at some point in the future it may be. As I commented recently when giving evidence to the Select Committee, we are still a United Kingdom, but the people of the country's constituent parts can determine their future—whether in Northern Ireland, Wales or Scotland. It is a matter for the people to decide.

Mr. Ellwood: I pose again the question that I put in the debate. At present, between 60 and 70 people are being killed every day and Iraq is heading towards civil war. How many more people need to die every day before the Minister wakes up and agrees that the country is heading towards civil war?

Mr. Ingram: There has been much analysis of that point and although I recognise the hon. Gentleman's military background and experience, his view is not the received wisdom and considered opinion of senior military personnel on the ground. I am not saying that there are not serious issues of sectarian violence and divisions in Iraq, but as my hon. Friend the Member for North Durham (Mr. Jones)—who is no longer in the Chamber—commented, what we read in the press is not typical of the whole of Iraq. There are serious hot spots and some big issues to address, but they are not typical of the whole country. The more those situations are talked up, the more we feed the insurgency. I do not believe that the descriptions are valid, but the more we use such language, the more the insurgents will believe that they are winning. They will escalate their efforts because they think that our will is broken. Such talk is dangerous, although people should express their views if they honestly believe them, but they should be balanced against other advice and opinions. If the situation descends to civil war, we shall have to deal with it accordingly, but we are not in that position yet and every effort will be made, with the will of the Iraqi people, to avoid it.

The hon. Member for Colchester noted, rightly, that on his recent visit morale was high. To read some newspapers, it would seem that our British Army is a broken force and that our forces are not interested and are leaving in droves. That is simply not the case. As I have said before, at the Dispatch Box and elsewhere, I am privileged because, due to the nature of my job, I probably meet more members of Her Majesty's armed forces than any other Member. Indeed, I probably meet more of our armed forces than some senior officers, given their roles. The morale of our forces is consistently high; they are extremely committed. Yes, they complain about some aspects of their kit, but that is not a fundamental issue. Any member of Her Majesty's armed forces will say that the current operational welfare package is considerably better than its predecessor. We learned lessons. We knew that we had to adapt and we are committing considerable resources to that element.

The hon. Gentleman made a point about air transportation. As he is aware, the fleet employed for that purpose is ageing. We are trying to ensure that alternative aircraft are available, because it is wrong that forces being recovered from theatre for rest and recreation are unduly delayed—they should not be delayed at all. The point is well taken in the Army and in the RAF, which supplies the logistics. Much effort is being put in.

The hon. Member for Reigate (Mr. Blunt) is no longer in the Chamber, but he advised me earlier that he had another commitment. He raised many concerns about the style of US operations. However, the US has taken the full brunt of the insurgency and the foreign elements in Iraq, although that is not to say that we have not tackled major issues head-on. We have and, sadly, we have lost a significant number of people in such actions. I hope that the hon. Gentleman recognises that it is accepted that the immediate post-conflict and reconstruction process has not been well handled. Lessons have been learned, although we cannot recover what should have been done in the past. We can only learn the lessons and ensure that we make considerable progress from now on. That is why I gave details about the amounts that we were spending on the reconstruction and renewal of Iraq. The US is also spending considerable sums.

We should pay tribute to the US for all that it does to help to bring freedom, stability and democracy to so many parts of our troubled world. We should not forget the role of the Americans in the Balkans and Kosovo—and in Afghanistan, where they are determined to rip out the vestiges of al-Qaeda. If the Americans were not doing that, who would? Who would take on global terrorism if not the US, with us giving significant support? If that was not done, we can be sure of one thing—global terrorist groupings would grow and threaten our very way of life. They will not go away; it is not domestic terrorism, but a global terrorist threat that has to be tackled at the point of threat. We cannot

[Mr. Ingram]

wait for the next attack before winning public opinion to our side, although that is required. We have to make sure that we are tackling the threat with vigour.

I think that the hon. Member for Reigate was too quick to condemn the US and I ask him to reflect on his position. He said that the Afghan mission was vague, but the mission of UK forces in Afghanistan is clear: to support the Government of Afghanistan in extending its authority across the country. We are part of an unprecedented international intervention, UN mandated and NATO led, working alongside Canada, the Netherlands, the United States, Denmark, Romania, Australia and Estonia in the south, and many other nations elsewhere in Afghanistan including France, Germany, Italy, Spain and the Nordic countries. We should also bear in mind the growing capability of the Afghan national army. NATO has a detailed operational plan, which sets out precisely what NATO forces need to achieve in Afghanistan. All of that takes place in the context of the much wider international effort building on the success of the Bonn process and marked out comprehensively in the Afghanistan compact agreed at the London conference in January this year.

The mission in Afghanistan is demanding a lot of us, but I repeat the question that I asked a few moments ago. Some argue that we should not do it, or that we do not have sufficient resources for the task—I do not agree; it is part of a wider international effort in support of the Afghan national army—but what would it mean if we were not there? What would that mean for this country? I think that it would be extremely serious if Afghanistan descended back into an ungoverned state.

I found myself agreeing with much of what the hon. Member for New Forest, East said, although I will not tell him which parts of his speech I agreed with and which I did not. As ever, he made a thoughtful contribution. I share his view that it is Parliament's role to hold the Government to account. We have had a brief but wide-ranging debate, and I have tried to deal with the key issues on which the debate is based. I hope that the House will agree that I have responded in a reasonable, helpful and constructive way. Only time will tell.

Question deferred, pursuant to Standing Order No. 54(4) and (5) (Consideration of estimates &c.) and Order [9 March].

Department of Health

[Relevant documents: Oral and written evidence taken by the Health Committee on 1st and 6th December 2005, HC 736-i, -ii, and iii, on Public Expenditure on Health and Personal Social Services 2005; and The Department of Health Departmental Report 2005, Cm 6524.]

This Estimate is to be considered in so far as it relates to NHS financial deficits (Resolution of 16th March).

Motion made, and Question proposed,

That, for the year ending with 31st March 2006, for expenditure by the Department of Health—

(1) further resources, not exceeding £1,785,769,000, be authorised for use as set out in HC 827,

(2) a further sum, not exceeding £2,364,998,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.—*[Jane Kennedy.]*

Madam Deputy Speaker (Sylvia Heal): I advise all right hon. and hon. Members that after the first speech, there will be a 10-minute limit on all Back-Bench speeches.

6.52 pm

Mr. Kevin Barron (Rother Valley) (Lab): First, I congratulate the Committee Office scrutiny unit on its good work on advising Members.

Today's is a timely debate, given that a number of trusts face severe financial deficits. The Department of Health spring supplementary estimate includes large sums—more than £500 million of public dividend capital, including more than £195 million year end flexibility—to increase the loan capital to national health service trusts and primary care trusts. Those sums are in addition to the £200 million requested in the winter supplementary estimate for 2005–06. We are therefore discussing a considerable amount of money in addition to the substantial increase in health care expenditure in this country that has been going on for four or five years under the Labour Government.

The expected NHS deficits are attracting a great deal of press comment. People coming from another planet would wonder how some of the trusts have incurred such massive overspends given that there have been large increases in health budgets for many years now. In the Opposition day debate last November, my right hon. Friend the Secretary of State said:

"the reason why there are deficits in a minority of trusts is that, in some cases, there has been overspending, sometimes for several years, or poor financial management, or poor organisation of clinical services."

She continued:

"We are taking the steps needed to reduce the overall deficit this year and to ensure that, at the end of the next financial year, the NHS will again be in balance."—[*Official Report*, 15 November 2005; Vol. 439, c. 850.]

Mr. Nicholas Soames (Mid-Sussex) (Con): I agree with the right hon. Gentleman on that point, but is he aware that 87 per cent. of the increase this year has been spent on meeting increased cost pressures? If costs in the

NHS continue to increase at their present rate, the deficit by 2010 will exceed £7 billion. How does he envisage the Government tackling that problem?

Mr. Barron: I have several questions on NHS costs to put to the Minister of State, Department of Health, my right hon. Friend the Member for Liverpool, Wavertree (Jane Kennedy). Some hon. Members may have read my recent comments in the press on the fact that we know what the NHS spends, but not what it costs. I think that, after 58 years, we ought to know exactly what it costs. I shall go into detail on that issue later.

David Taylor (North-West Leicestershire) (Lab/Co-op): May I challenge the figure given by the hon. Member for Mid-Sussex (Mr. Soames)? I agree that the sum is substantial, but that figure cannot be correct. At least 20 per cent. of the increased spending on the NHS is going on new staff and staff in new posts, which is delivering a wider range of services. It cannot possibly be the case that 87 per cent. of the increase is somehow being spent on inflation.

Mr. Barron: My hon. Friend is probably right. I have never looked at costs in detail, but we know that NHS inflation is higher than ordinary inflation in our economy. Perhaps the hon. Member for Mid-Sussex will speak during the debate and tell us how he arrived at that figure.

Bob Spink (Castle Point) (Con): Does the right hon. Gentleman share my concern that strategic health authorities and PCTs trying to remove the deficits will seek soft targets for cuts and that that will put even more pressure on hospice budgets? The average children's hospice gets only 5 per cent. of the funding it needs from those sources, and Little Havens in my constituency gets only 1.8 per cent. Will he do all he can through his Committee to bring pressure to bear on the Government to tackle the hospice funding formula?

Mr. Barron: I heard the hon. Gentleman's question during Prime Minister's Question Time last week and I am with him on that issue. The Bluebell Wood children's hospice is being built in my constituency, so I shall have an even greater constituency interest in years to come. However, I would be misleading the House if I were to say that my Committee is likely to look into children's hospice funding in the next few months.

It is striking that there was no warning of the deficits. Last year, on a budget of £67 billion, there was a deficit of just £250 million. When they gave evidence to the Health Committee on 1 December last year, the former permanent secretary at the Department and the then NHS chief executive, Sir Nigel Crisp, told us:

"The actual overall deficit in gross terms, in proportion terms, is pretty small".

Perhaps so, but the House will have seen that when he left his post earlier this month, he was quoted in the press as saying:

"The deficits are clearly going to be too big, and I'm sorry we are going through a bad patch."

I think that most of us who know Sir Nigel will congratulate him on his retirement and hope that it is a long and happy one. I do not know whether he will make it into the other place, but during the few short months that he and I were involved on the Health Committee, I regarded him as a good professional. I wish him well in whatever he does in the future.

In 2004–05, the NHS overspent by just £250 million—the first time that it had overspent since 1999–2000. That was reported by the NHS director of finance in his January 2006 report to the Secretary of State for Health. The director of finance emphasised that the overspend was small in relation to the overall sum managed, but said that it was still a cause for concern. He highlighted three reasons for that concern. First,

"there was a significant deterioration between financial forecasts and"

financial outturn. Secondly,

"in some of the organisations with the largest deficits recovery plans were not delivering".

Thirdly, the overspend

"was arising at a time of . . . sustained growth in resources".

In some ways, everyone was surprised by such a large increase in deficits. The financial director also reported *that*

"despite the action taken, we were still seeing no improvement in the financial position"

and that the NHS estimated

"deficits for 2005–06 of £623 million net and £948 million gross."

Those comments were made in the "Financial Turnaround in the NHS" report published in January. That represents an overall increase in the deficit of 150 per cent. on the £250 million deficit reported in 2004–05. That increased deficit threatens to destabilise the NHS, so we must control it. I am a great believer in the national health service—I always have been, and I always will be—but we will lose out if we do not gain control and find out what it costs to provide services for our constituents. The only way to do that is to ensure that bottom-line balances at the end of each year for all NHS trusts give a true and accurate picture of the level of activity and are not fictitious figures. Sadly, on occasion, people who have overspent have wanted to hide that fact by submitting fictitious figures.

Mr. David Burrowes (Enfield, Southgate) (Con): In his deliberations in Committee, has the right hon. Gentleman encountered a reluctance by the Government to engage with the Audit Commission, which wishes to establish exactly what the costs and out-turn are? Does he surmise that that reluctance is because the Government do not want to expose the fact that the directives, edicts and targets that they have issued have created problems for Chase Farm hospital in my constituency, for example, which has been pressurised to dismantle its accident and emergency facilities?

Mr. Barron: The Government cannot avoid the Audit Commission, which has a statutory role. I shall deal briefly with the work of the Audit Commission in the past few months, but I advise the hon. Gentleman not to turn around and say that he knows the reasons for the overspend. Most people do not know the reasons—I shall deal with that later—and the situation is not as simple as he suggests.

Mr. Andrew Lansley (South Cambridgeshire) (Con): The right hon. Gentleman said that we should not seek

[Mr. Andrew Lansley]

to disguise or obscure the nature of the deficits, and I entirely agree. Does he therefore agree that it is important to focus on gross deficits? It is not good enough simply to talk about net deficits. Last year, as he said, there were gross deficits of £623 million. This year, as of month 6, they were nearly £1 billion. It will not do for Ministers to tell the House, as they have in the past, that the net deficits will be the same as they were the previous year when, only three weeks later, they admit that the gross deficits cited in our debate in mid-November of nearly £1 billion were accurate.

Mr. Barron: I agree that we need an open and honest debate. The greatest problem for the NHS, certainly since I have been a Member of Parliament, is the fact that it is treated as a political football. It appears in everyone's manifesto, and it is kicked around almost every day in the House. I am not suggesting that Ministers in the present Government have done this, but Conservative Ministers did not want to advertise certain issues, as they knew that they would be magnified and turned over by the press. As a result, we do not have sensible debates on health care, but it is about time that we did.

The report that I cited earlier says that 28 PCTs with a combined turnover of £5.6 billion were forecasting a deficit of £264 million, or just 4 per cent. Thirty-four NHS trusts with a combined turnover of £6.5 billion were forecasting a deficit of £467 million, or 7 per cent. That excludes foundation trust hospitals. Analysis by accountants KPMG showed that 18 organisations required urgent intervention and that 23 needed additional expertise and/or resources. It is not clear from the report whether such interventions and additional resources are helping to turn around trusts' finances.

Mr. James Arbuthnot (North-East Hampshire) (Con): Is not one thing that the report highlights the effect of change, which can create huge cost differences? Frimley Park hospital, a foundation hospital that serves my constituency of North-East Hampshire, has hugely increased the costs that it charges to my primary care trust. As a result, the hospital will end up with a £17 million surplus, whereas my primary care trust has a huge deficit. Is it not that change that we need to address in our debate?

Mr. Barron: Yes, but I do not think that it is a structural issue. The cost charged to the PCT may not be the cost of the activity itself. That is a crucial issue for the NHS.

Monitor—the independent regulator of NHS foundation trusts—identified the fact that NHS foundation trusts incurred an aggregate deficit of £36.9 million in 2004–05, which represented 0.9 per cent. of their income. This year, one in every 32 trusts is forecast to incur a substantial deficit for the first six months of 2005–06, although in aggregate trusts forecast a surplus for 2005–06. However, that forecast carried heavy caveats in Monitor's report, a copy of which has been placed in the Library. No doubt hon. Members will wish to look at it, as it deals with the issues raised by the right hon. Gentleman. We need to know how foundation trusts with a large increase in income have achieved that balance.

Dr. John Pugh (Southport) (LD): On PCTs and foundation trusts, is there any variation in the position of PCTs depending on whether they predominantly serve foundation trusts?

Mr. Barron: That has not been brought to my notice, but I hope that it will not be long before the House has a chance to debate the causes of the deficits.

Another serious concern is the number of reports in the public interest issued by the Audit Commission to acute trusts, strategic health authorities and PCTs following significant financial problems. The hon. Member for Enfield, Southgate (Mr. Burrowes) raised that earlier, but has now left the Chamber, presumably to issue a press release. Under section 8 of the Audit Commission Act 1998, the external auditor must consider whether it is in the public interest to produce a report on any significant matters that come to his attention. If it is, they are set out in a public interest report. Twenty-seven public interest reports have been issued for SHAs, PCTs and NHS trusts since March last year, which reflects the number of NHS bodies with significant and potentially destabilising financial problems. No matter what people say, the Government cannot avoid the Audit Commission which, like some parliamentary Committees, exists to look at public expenditure. I am sure that it will do the competent and professional job that it has done in the past.

A number of reasons have been given for the continuing financial deficits. A review by KPMG in December 2005 concluded that management capability was inadequate to deal with the financial position of trusts, that the quality of information was impeding recovery and that, in some cases, SHAs had permitted unproductive behaviour to damage the relationship between PCTs and hospital trusts. The Audit Commission's managing director of health said that the number of such problems may lead to organisations having to merge to remain viable and he has asked for clarification of matters such as the way in which charges are made for elective and emergency care.

Mergers are under way, so a debate on the issue is for another day, but in the next few days and months, we should look at the wider issues that have been highlighted and the questions that have been asked to try to find out exactly what the NHS costs. I gave an interview to a national newspaper earlier this month in which I said very much what the Secretary of State had said: we must make sure that we discover the cause of the overspends so that, hopefully, they will not happen again.

Dr. Howard Stoate (Dartford) (Lab): May I remind my right hon. Friend that last year was the first full year of the new GP contract and the new consultant contract, both of which were long overdue and have made significant differences in patient care and outcomes? We talk about large overspends, but it is also fair to say that they have often been put to very good use and that to keep within 1 per cent. of the overall NHS budget is not a bad result if looked at in that way.

Mr. Barron: I cannot agree with my hon. Friend about that. I will not say that he has a vested interest, although he has on some days of the week. All trusts pay exactly the same increases for the health professionals

that he mentions, so why do some trusts work to budget when others overspend massively? That overspending is not right. It is not fair on those that keep to budget and try to do the best that they can within certain limits—although the limits have increased, year on year, for the past four years.

John Hemming (Birmingham, Yardley) (LD): I have here a report, dated 2004, in which the Chartered Institute of Public Finance and Accountancy says that, if national tariffs are imposed, as has been the case for £8 billion-worth of expenditure, about

"160 NHS trusts and PCTs would suffer deficits of more than 9 per cent.—with almost 70 facing deficits greater than 25 per cent."

Does the right hon. Gentleman think that the imposition of national tariffs is relevant?

Mr. Barron: I am about to move on to that issue. I gave an interview to a national newspaper, and I got a letter the following day from someone—I will not name him—who works with an SHA department that is considering the costs of the NHS. I have copy of the letter in front of me. He said:

"As you will be aware, it is a statutory requirement for all hospitals within the NHS to provide cost data—'reference costs'—to the Department of Health. These data are then used to formulate the national Payment by Results tariffs. The philosophy behind this is sound and used elsewhere."

He cites Australia, where he has worked. He has worked in a few health services around the world. He continued:

"The immutable truth of this system, however, is that your funding policy is only as good as your cost data. If your cost data lack integrity and the methodology for costing contains flaws, then it follows that the funding policy is also going to lack integrity and be flawed. After four months here, I have to say that I, and my colleagues working on this project, have been shocked at the level of cost data produced in the reference costing process. I could only describe it as the lowest common denominator of costing I have seen in a health environment. I think it goes some way (obviously not all) to explaining the financial problems of hospitals here.

There are a few reasons why the state of costing is so poor here in the NHS. The main problem is that reference costing in the NHS is an extremely 'top-down' averaging process."

He then gives an example, which I hope my right hon. Friend the Minister will consider. I will ask the person who wrote the letter whether she can have a copy. I could not contact him at work today. I have got his phone number, but he was not at his desk when I tried to contact him. He then continued:

"More often than not, no adjustment is made for differences in patient acuity during this cost allocation process. This method of cost allocation makes the assumption that on an obstetrics ward (for example), a woman recovering from a caesarean in one bed is accruing the same nursing, medical drugs, medical supplies and other resources as the woman in the next bed, recovering from the normal uncomplicated delivery of her second child. As a clinician yourself"—

I am not one—

"would you believe that data?"

He then says that, while we have that system in the NHS, the most sceptical people will be those who work in it, and he makes a very good point. I would not dispute what he says about what we are doing at the moment, and if it is true, it will have that impact.

My constituency is covered by the Rotherham PCT, which, in an e-mail to me a few weeks ago, said:

"The national tariff price is higher than our local price so we are now paying more for the same level of work."

That is grossly unfair in the circumstances, so we should charge the actual cost of the health service. I am not too sure whether we will do so if we are basing payment by results on reference costs. That might be a good start, but it will certainly not be an end in finding out exactly what the different activities in the NHS cost.

Andrew George (St. Ives) (LD): Has the right hon. Gentleman, who is the Chairman of the Select Committee on Health, considered applying the same principle to PCTs more widely, not just to the cost of individual procedures, instead of perhaps finding reasons that are associated with poor management, which is the direction in which he appears to be steering? I think that that is the theme that he is developing. His assumption presupposes that funding is provided evenly across all trusts and meets need. Does he accept that there may be circumstances where acute deficits are occurring because the funding formula does not properly reflect need?

Mr. Barron: Yes, I agree entirely. A lot of NHS budgets are still historically based. I have looked at the issue over the years that I have been a Member. We still do not have budgets that reflect the activity needed to look after patients in different areas, and we never will if we do not know the costs of the NHS. There are some big issues.

Joan Walley (Stoke-on-Trent, North) (Lab): Does my right hon. Friend agree that there is a problem with payment by results? In north Staffordshire, we have a hospital on two different sites. Given the formula by which the hospital is paid by the PCT for the different procedures that are carried out, and if there is such an imbalance on top of all the other social inequalities, it stands to reason that we are heading for a deficit. Indeed, we have just reached that situation: we are looking at about 1,000 job losses.

Mr. Barron: Such job losses make it a difficult time for the NHS. The other Rotherham Members and I have been lobbied about that. The front page of the local weekly paper says that student nurses who are on secondment doing their practical work in Rotherham general hospital have been told that there are not necessarily jobs for them in the local foundation trust. The trust has had to take some tough decisions to avoid going into deficit this year. It has asked people to work differently and has left vacancies unfilled.

Last week, I received a letter from the chief executive of the Rotherham NHS foundation trusts who said:

"To achieve the efficiencies necessary whilst maintaining existing levels of patient service we need to restructure".

The letter gives a very honest answer about those student nurses, saying:

"the Trust cannot guarantee a job on completion of training to any student it takes on placement, but we do make students aware of vacancies for which they are eligible to apply."

I entirely agree with the chief executive. We must decide what the NHS is for: is it there to treat patients who are in need of it or as some sort of social employment that

[Mr. Barron]

will employ people come what may? In those circumstances, like the rest of the public sector that has had to take such decisions occasionally, it is wholly right that my local NHS trust should not guarantee people jobs, as much as that is not liked by people. Its primary aim is to look after the patients who go to that hospital now and in the years to come. I hope that those students nurses will get work, but there should be no guarantee that that will come before the interests of looking after patients.

Mr. Graham Stuart (Beverley and Holderness) (Con): Does the right hon. Gentleman believe his colleagues are waking up to the calamity that is financial management of the NHS? Does he agree that it is not education that will bring about the removal of the Prime Minister from office, but the realisation that thousands of jobs in the NHS will go—we have seen only the tip of the iceberg—because nothing has been thought through by the Government, be it in relation to IT, payment by results, the tariff or GP and consultant contracts?

Mr. Barron: It is not a calamity at all. The only pressure on my annual home budget is that 0.7 per cent. is on the edge. We do not know whether it will be available for the rest of the year. That is not a calamity. It is just as well that we are going through the process of finding out what the NHS costs while we have a Government who have put so much extra money into the national health service. I have sat on the Opposition Benches when Governments have made real cuts in health expenditure and in other parts of the public sector, too.

When we get through the process, as we inevitably will, we must make sure that we know what the NHS costs. In future, annual budgets for hospitals and other parts of the health service must be based on their costs, not on what they would spend if they were given the money. That is crucial to the debate.

David Taylor: My right hon. Friend asked, perhaps rhetorically, what the NHS costs. The answer is about £200 million a day. Over the three hours of this debate, that works out to about £25 million. That is a vastly increased sum, compared with the tattered baton that was passed to us on 1 May 1997. Certainly, financial management needs to be improved. Does he agree that some parts of the NHS are under-managed, contrary to the stereotype often portrayed by the Opposition of an NHS groaning under bureaucracy? Some parts need better management, especially by accountants, and I declare an interest.

Mr. Barron: I can neither agree nor disagree. My hon. Friend is probably right. The NHS is not over-managed. That has been a political football across the Chamber for all the years that I have been in the House—managers in the NHS, not people on the front line. The Health Committee announced a few weeks ago that we would look into health care staffing. We will look at management, as opposed to clinical and other related grades in the NHS.

I want to deal with two further points: how the Government are responding to the situation and what they are asking the NHS to do. It may not be difficult for people to come to terms with the actions that the Government are taking in the short term. My primary care trust is in south Yorkshire. I understand that in next year's budget the Yorkshire strategic health authorities have been asked to place 2.5 per cent. of their overall budget in reserve because of the need to balance the books nationally in light of the current overspend. That means that my PCT will not get £7.5 million of its growth money. There is still a lot more growth money going in, but it is still a difficult decision for the PCT to accept. There was a board meeting this afternoon at which it was accepted.

The rest of south Yorkshire will also have to put 2.5 per cent. of the budget in reserve, because four of the PCTs in south Yorkshire have overspent—the exact figure is not known. Together with other south Yorkshire Members, I had a meeting last week with the SHA, which thought initially that there would be a £20 million overspend in those four PCTs. That figure is more likely to be between £14 million and £16 million. Everything has been honest and open. We are not hiding anything. Does my PCT like the idea of £7.5 million of its growth money coming out of next year's budget? Absolutely not. Nor do I, or anybody who works in local health care.

Michael Jabez Foster (Hastings and Rye) (Lab): Can my right hon. Friend work out why, if £7.5 million is overspent, there is a requirement that some trusts should offer up 2 per cent. over a number of years and some even more?

Mr. Barron: As I understand it, the calculation is made on an SHA basis. To achieve national balancing, a sum equivalent to the overspend is being held in reserve. The amount will differ in different regions. In south Yorkshire we are told it will be 2.5 per cent. I hope it is no more. When one looks at the communities for which our PCT provides services, and the high levels of health inequality, £7.5 million is no mean sum.

Given that the sum going into reserve equates to this year's overspend, even though we do not know what the overspend is and probably will not know until the middle or end of next month, is the same thing likely to happen again in 2006–07? Everyone talks about the fact that PCTs—and presumably hospital trusts—that have run up large overspends, perhaps over years or perhaps over the past 12 months, will not be able to pay off their overspends over the next 12 months. Even if they incur no more extra spending in the next financial year, we will be debating estimates this time next year and observing that, although the overspend is down, it has not gone away. What worries me, and probably worries my primary care trust, is that, if the same situation occurs next year, it will not be a case of keeping money in reserve to balance the books. It will bite into the growth money that has been so vital to turning health care around in my area.

Mr. Lansley: In the context of the point made by the hon. Member for Hastings and Rye (Michael Jabez Foster), the right hon. Gentleman may wish to know that Surrey and Sussex SHA has called for a 3 per cent. top-slicing on its PCT allocations. John Bacon, the transitional lead for London, is taking 3 per cent top-slicing. Thames Valley SHA is taking 2.5 per cent. Why

are they doing it? Because they anticipate deficits in their SHAs of more than 1 per cent. this year and probably the same next year. They are proposing, in effect, to renationalise all the growth money in those SHAs in order to start baling out deficits across the system.

Mr. Barron: I do not know exactly what is happening down here, but taking £7.5 million off Rotherham and putting it in reserve—I ought to add that the PCT has been told that it will get the money back at some stage—has not taken away all the growth money. Far from it. My right hon. Friend the Minister knows, and it is probably the same for her constituents, that we are still below the national target for PCT expenditure. We still have room for growth and we will get additional money because we are below the national PCT level.

I discussed with Ministers what the turnaround teams are doing in the PCTs that have problems of overspend. I am led to believe, and my right hon. Friend may want to correct me, that they are not just looking at the current overspend and what to do about it—we are all interested in that—but at how it came about. How did some trusts overspend as much as £10 million, £20 million or £30 million, whereas other trusts close by are nowhere near those levels? That will be crucial for learning the lesson from the present problem.

The Health Committee will want to study the evidence presented by the turnaround teams to find out what happened. We may want to instigate a debate at some stage about why the problems arose in different ways in different parts of the country, and to find out how we can avoid a situation in which some primary care trusts—it may be a minority—will go through some difficult times in the next few months and years. I am just pleased that we have a Government who have taken on their responsibility and funded expanding health care as they have, so that these difficult problems are not as difficult as they could be.

7.30 pm

Dr. John Pugh (Southport) (LD): I apologise for the fact that my hon. Friend the Member for Northavon (Steve Webb) is not present. He would like to be here, but he is elsewhere working tirelessly for the public good on parliamentary business.

As I am new to the health portfolio, I am sure that hon. Members will excuse or perhaps even welcome the relative brevity of my contribution. I could be tempted into launching a Castro-like tirade in which, having acknowledged the additional funds that the Government have put in, I damn them for disproportionate increases in administration, public relations and publicity, failure to recognise the impact of wage settlements, gold-plating the European Union working time directive, vexing hospitals with politically driven targets, and generally fomenting a culture of change and instability that makes Mao Tse Tung's permanent revolution seem a little tentative. However, that would only provoke Labour Back Benchers to point to the largesse of the Chancellor, falls in the waiting lists and the fact that the net deficit is only about 1 per cent. Instead, let us cut to the quick and have the sensible debate that the right hon. Member for Rother Valley (Mr. Barron) requires us, and prompted us, to have.

The basic problem with the NHS is how to run a non-profit-making, demand-led service and stick to expenditure limits. That is analogous to the problems that councils will be familiar with when dealing with social services departments—they always overrun, and it is very difficult to manage a demand-led service effectively.

The Government's first idea was to set targets, but reaching targets requires adequate resources. When resources are not adequate, targets are often achieved by adopting perverse methods, or displacing equally worthwhile goals. The second Government idea, which was embodied in the Healthcare Commission, is the perfectly legitimate idea of pursuing a strategy of assessing clinical outputs in relation to resource allocation. By itself that is not a bad idea, but the key question is how it is pursued. Global figures on the whole NHS are no good. They are relatively uninformative; they tell us something and they are very useful in Prime Minister's questions and so on, but they do not provide a fine-grained picture. Even at strategic health authority and regional level, they are relatively unilluminating, as there will be a lot of funds sloshing around between one cost centre and another.

The Government appear to have pursued a policy that concentrates on individual cost centres: primary care trusts, hospitals and so on. In some senses this is a new departure, and they have done it in a way that has revealed substantial and worrying variations, and considerable deficits. The moot question for all of us is whether the issue is new and recently discovered, or whether it has previously existed in one form or another, perhaps disguised in the past by sloppy accountancy or the ability to move finance from year to year. It has certainly been disguised by extensive use of brokerage, whereby the SHA would find money for those in deficit and bail them out at the end of the year, and sometimes by plain misdescription of activity, whereby a shortage of secondary care might be dealt with by using some money allocated to primary care, which is then called secondary care.

Mr. Graham Stuart: I know that the hon. Gentleman is new to his post, but may I ask whether he is aware of the work carried out by Professor Sheena Asthana and Dr. Alex Gibson at the University of Plymouth, which has uncovered systematic underfunding in rural and relatively affluent areas, which is where the deficits are predominantly occurring? The Government's effort to blame managers is wrong. There is in fact a systemic underfunding of certain areas by the Government.

Dr. Pugh: The hon. Gentleman takes the words out of my mouth, because the crude Government hypothesis that the problem is due to a failure of management is significantly wide of the mark. If that were the case, resignations would have to follow and heads roll, and the public would have been substantially let down. In North Staffordshire we have seen the whole trust staff resign, more or less, but we have not seen such acknowledgement anywhere else. By and large, people who fail in managing trusts seem to be recycled elsewhere in other parts of the health service, where they are often equally well paid.

Michael Jabez Foster: The hon. Gentleman seemed to suggest that a 6 per cent. minimum was somehow underfunding. How would he compare that with 3 per cent. or less, as it was under a previous Administration?

Dr. Pugh: To be honest, I have not mentioned underfunding at any stage. I have not accused the

[Dr. Pugh]

Government of underfunding the NHS; that is not the problem. *[Interruption.]* Whatever the hon. Member for Beverley and Holderness (Mr. Stuart) has said, he has said. I will stick with what I wish to say.

It seems to me that the deficits can reflect a range of factors. They can certainly reflect a lack of previous transparency. We must all acknowledge that. Some trusts have also been slow to adjust to the fact that there is a new ball game, with new rules. Things have happened, brokerage has been abolished and there has been a switch to resource-based accounting and so on. Furthermore, the system lacks transparency at present. The world is not as it seems, and the debts of some trusts are currently disguised by brokerage simply because the SHA accepts that some trusts have a Baldrick-like cunning plan to get out of their current situation. It is an odd fact that in certain areas where there are foundation trusts, it is the PCTs that seem substantially to carry the deficit.

There is a lack of financial predictability across the piece. There is no three-year plan, as there was for local government. There is top-slicing, as various hon. Members have mentioned. Even now, the tariff for payment by results is not finalised. There is also a constant stream of initiatives. The initiative to move heart and asthma care is good in many respects, but it will have a substantial impact on acute trusts' prospects and budgets.

There are also some bizarre rules, such as the requirement that certain amounts of work be allocated to the private sector, even where that is not financially advisable. There is a failure to recognise the true cost of new build and private finance initiative in the capital factor. There is a double whammy whereby once a trust runs up a deficit in one year, it starts with a lower budget the following year. That must be the most insane way of dealing with debt since the debtors prison was abolished. In some cases, a deficit will not be due to anything other than poor configuration, but it can also be due to additional costs that are imposed by the correct configuration, but are simply not recognised.

What all those issues require is something I think most hon. Members would consent to—a responsible causal analysis. What we have had in part is a knee-jerk blame reaction, whereby the problem is said to be poor management. It is arguable whether we can leave that causal analysis entirely to the consultants and turnaround teams. It is such people who have argued others into PFIs in the first place, and who churn around the same data as are already available. I am certainly not impressed by what turnaround teams have done in my neck of the woods, where they have, by and large, looked at the figures that the hospital already has and told it what it already knew.

There is clearly a difference between a deficit that is accompanied by high output and more and better services—what might be called a virtuous deficit, as more work is being done—and a deficit with no additional level of service, which is clearly unacceptable. The reality is, however, that in order to reduce the deficits, very few alternatives are open to people. One can reduce activity, lose staff or increase efficiency; one of those three things must be done. The requirement that each cost centre should work within its own budget embodies a relatively crude principle of rationing. That is bearable only if we know what entitlements individuals and communities have under existing provision. At the end of the day, our entitlements determine our choices.

My great fear is that the drive for financial balance across all cost centres will ride roughshod over patient entitlements and lead to damaging reconfigurations, longer patient journeys, trusts crippled by historic debts and a whole lot of political trouble for the Labour party. A better approach, which we should favour and which is true to the NHS ethos, is not necessarily to begin with the question of how we can get existing cost centres into balance so that they can trade solvently with each other, which seems to be the question preoccupying the health service at the moment. Given the money available, we should be asking what citizens are entitled to and how we can best deliver it. We should start with the people, and local people at that, rather than with institutions. We do not have a false choice between an NHS that satisfies the auditors and an NHS that satisfies the citizen—but in the real world it does not follow that the former guarantees the latter. I urge the Secretary of State to proceed with caution, to avoid simple solutions and to recognise that even with reform, one must learn how to reform.

I shall close by quoting the King's Fund, which has made a pertinent, relevant and on-the-ball comment:

"The increased level of deficits forecast for NHS organisations this year . . . is worrying—but not surprising. It is essential that the Government does not respond in an ad hoc way but instead introduces a system of support to enable NHS Trusts to respond to emerging financial problems flexibly."

The key word is "flexibly".

Several Hon. Members *rose—*

Madam Deputy Speaker: Order. I remind all hon. Members that the 10-minute limit on speeches by Back Benchers now applies.

7.41 pm

Charlotte Atkins (Staffordshire, Moorlands) (Lab): In the past week, north Staffordshire communities have been left reeling by the extent of the proposed redundancies at the University Hospital of North Staffordshire Trust, which is one of 18 NHS trusts currently receiving extra support from the turnaround team to help recover its financial balance. In order to bridge the £30 million gap between income and expenditure and start to repay some of the debt, the trust plans to save around £43 million over the next two years. That is a tough task, but the new interim chief executive Anthony Sumara is probably the person to do it.

About 70 per cent. of the trust's annual expenditure goes on pay, so it is clear that jobs must go, but the prospect of 1,000 jobs going has sent shock waves throughout north Staffordshire. Anyone with extensive experience of the hospital in the past couple of years—sadly, I have had that experience—knows that it was badly managed.

Mr. Graham Stuart: *indicated dissent.*

Charlotte Atkins: The hon. Gentleman may laugh, but if he had spent as much time in the hospital as I have,

he would know that that was the case. The management task was not helped by dilapidated buildings on two very separate sites, but there is no excuse for weak management that has left patients waiting weeks for tests, with appointments cancelled and delayed.

Mr. Stuart: I made a noise when the hon. Lady blamed NHS managers, because that is all we hear from Ministers. The problem is systemic, and Ministers—not chief executives or civil servants—must take responsibility for the state of the NHS. The hon. Lady's constituents and others will see thousands of jobs go, and they will not think it acceptable to blame the situation on poor management when those managers are appointed through the centralised system set up by this Government.

Charlotte Atkins: I totally disagree with the hon. Gentleman, given my personal experience. While the failed previous chief executive has escaped to a plumb nursing job in the Department of Health, is it right that patients and staff should suffer cuts as a result of poor past management? Valuable and committed staff are being sacrificed to recoup the losses generated by past poor management.

There is scope for greater efficiency. For instance, a hip replacement normally means a five-day hospital stay, and if in North Staffordshire that involves an 11-day stay, it does not take rocket science to recognise that the hospital is bound to make a loss. Unless such stays are reduced to the average for other trusts, the hospital is bound to get itself into difficulties. Improvements can and will be made by examining the use of theatres and out-patient services, rationalising the split site arrangements, using new technologies and reviewing back-office functions, but the impression remains that existing staff are paying the price for management failures that were not of their making.

I have received numerous letters—similar letters have appeared in the press, too—praising the friendliness and professionalism, and the caring and hard-working nature, of the staff, and I want them to be looked after. There is a plan to employ many of the people who currently occupy the 1,000 jobs in the community that are due to go, because the trend is towards community care rather than basing care on an acute hospital. I want to see a package on the scale of the Rover package to help those staff either retrain or enter other jobs in the health service. The community in north Staffordshire is very deprived, and we cannot sustain 1,000 job losses without extra help.

Adam Afriyie (Windsor) (Con): Will the hon. Lady remind the House who approves the appointment of managers in NHS trusts and PCTs?

Charlotte Atkins: I do not want to talk about the past chief executive, but I believe that he was appointed by the hospital board against the advice of the strategic health authority.

Martin Horwood (Cheltenham) (LD): Like north Staffordshire, Gloucestershire is reeling from the revealed scale of the cuts—in our case, funding cuts of £20 million for the foundation trust and saving plans across the three PCTs of £30 million. Will the hon. Lady accept that at least part of the cause of the abruptness and scale of the cuts, which have left both our counties reeling, is the fact that they have occurred shortly before the start of the coming financial year? The funding formulae and mechanisms imposed by the Department of Health must therefore be largely to blame.

Charlotte Atkins: Those are short-term issues. I appreciate that the slide cannot continue in acute hospitals and PCTs, and a line must be drawn to deal with those deficits, which should be dealt with in a relatively short period—obviously, on occasions, with transitional help.

The big issue in north Staffordshire is the rebirth of the University Hospital of North Staffordshire—the fit for the future project. The project faces some paring down, which is in keeping with the move towards community health resources rather than relying on the acute trust. It is nevertheless vital that the project goes ahead, to reduce the glaring health inequalities in north Staffordshire and help to regenerate the local economy. Despite the hospital deficit, that project must go ahead, because any uncertainty will create real problems.

It is important that the Department should consider transitional funding, if it is necessary to get the hospital off the ground. The locality needs a new hospital, because we have possibly the most dilapidated hospital buildings anywhere in the country, so replacing them is a priority. The lack of investment in hospitals in the past is demonstrated by the fact that we are stuck with such appalling buildings, which should be replaced quickly. I want the hospital to work much more closely with PCTs, the ambulance trust and community staff.

The Secretary of State has pointed out that deficits generally occur in wealthier areas, which are frequently bailed out by more deprived areas. That is not the case in north Staffordshire, which has significant deficits, which must be sorted out, not only in the hospital but in the PCTs. I welcome the greater transparency that is now involved. In the past, Staffordshire has frequently bailed out Shropshire. It has all been done very much under wraps. The loan has of course eventually been repaid, although no interest has been paid. Now it is clear that my own Staffordshire Moorlands primary care trust will be borrowing money, but will be paying interest that the lender will receive. What is happening is clear for all to see.

Mark Pritchard (The Wrekin) (Con): My constituents in Shropshire would be aghast by the hon. Lady's last comment that Staffordshire has bailed out Shropshire. It is some sort of a bail-out when the Shropshire health economy is facing a £38 million deficit, meaning cuts to local hospital services.

Charlotte Atkins: I am talking about the past few years, when Staffordshire frequently bailed out Shropshire. Perhaps that was before the hon. Gentleman's time.

Paying off the deficit is going to be very tough for Staffordshire Moorlands PCT. It will not just mean stripping out inefficiencies; there are bound to be service cuts. However, I have great faith in my PCT's leadership, who will ensure that they work closely with the community to ensure that the cuts that they have to introduce will have the least possible impact on patients.

[Charlotte Atkins]

I very much support the Secretary of State's statement about reducing unplanned emergency admissions and saving the NHS money. My PCT has embraced that enthusiastically—for instance, through the anti-falls programme, but particularly by using community matrons to intervene in the community to pre-empt unplanned emergency admissions. The PCT has saved about £0.5 million by such investment in community provision. However, the avoidance of emergency admissions now attracts half the funding that it did previously, so from a financial point of view there is less incentive to invest in community provision and it is less cost-effective to do so. That will hardly encourage best practice, as the Secretary of State wants to do, and it will undermine future investment made by my PCT in preventive measures such as the anti-falls programme and the employment of health visitors and suchlike.

Similarly, we have an ambulance service in Staffordshire which, through its superior training of paramedics and community first responders, prevents huge numbers of admissions to hospital by treating people at home. That is better for the patient and saves millions of pounds for the NHS, and it does not crowd out elective surgery at the hospital. Yet that ambulance service is threatened with merger, involving a dilution of staff skills and a reduction in their service standards. If we are serious about increasing and improving out-of-hospital care, we have to reward PCTs and ambulance trusts that are excelling in those fields. We should not merge them with other organisations that do not share their focus and delivery.

I hope that when we come to the end of the public consultation on Wednesday 22 March, the strategic health authority and the Secretary of State will listen to the overwhelming response of people in north Staffordshire who say that they want to create a local north Staffordshire PCT and do not want a gigantic Staffordshire-wide trust. They also want an independent ambulance service working within the west midlands that would act as an exemplar to other ambulance services and help to create far better ambulance services country-wide.

7.54 pm

Anne Milton (Guildford) (Con): I should mention that I have an interest in that my husband is a doctor who is employed by a primary care trust.

I want to talk about two things: first, the budget deficit in my PCT, Guildford and Waverley; and secondly, the implications of the deficit. All too often in this place, we end up talking about money and services and slightly lose sight of the people who ultimately suffer as a result. I agree with the right hon. Member for Rother Valley (Mr. Barron) that the NHS has become a political football. Indeed, that is what took me out of it, having worked for 25 years as a nurse, in the hope that I might change something for all its staff.

One of the most striking things that has ever been said to me was during a conversation that I had with a doctor who worked in NHS management when I was making a speech about the NHS. He got very angry with me and said, "You know, Anne, you've got this all wrong. My job isn't about making people better—it's about balancing the books." It is very sad that doctors now feel that that is their aim. Last year, Guildford and Waverley primary care trust in my constituency launched a document called, "Modernising your local healthcare". It is no surprise to me that local people are cynical about that and say, "Modernising local health care, probably not; balancing the books, probably yes." They feel that it is all about chucking in a bit of modernising of local health care to make everything feel better.

Guildford and Waverley PCT is facing a budget deficit of £16.3 million. I do not doubt that its desire is to modernise health care and to improve health services for local people, but its aim is to cut its costs and to balance its books. In fact, it now has an imperative to balance its books because we are living in a very competitive climate. In Surrey, five PCTs are to be reconfigured down to one PCT. Many people are competing for many fewer jobs. There have been articles in the press and the health service journals about that. Senior managers in PCTs that are to be reconfigured tend to get the chief executive job at whatever level—strategic health authority or PCT—if they balance the books. Everybody who works in the health service, particularly in PCTs, understands that. In fairness, one cannot blame the staff for looking at it in that way. They have mortgages and bills to pay and families to look after. It is worth considering whether it is really a good thing for the Government to be reconfiguring PCTs given that that will result in an incredible loss of focus for the staff involved.

In December 2005, the British Medical Association said in one of its briefing papers that serious questions have to be asked about where increased NHS resources are going, and that it is not a good idea to make kneejerk decisions about the reduction or closure of services in response to short-term funding problems. The Secretary of State recently said:

> "Some primary care trusts are planning to close local cottage hospitals . . . But community facilities that are needed for the long term must not be lost in response to short-term budgetary pressures."

Mr. Graham Stuart: Is my hon. Friend aware that supporters of community hospitals increasingly see that statement as a sick joke?

Anne Milton: I agree with my hon. Friend. Many people view it as not only a sick joke but a desperate situation for many community hospitals throughout the country. The Secretary of State continued:

> "So we will expect primary care trusts to reconsider such proposals against the principles of the White Paper."—[*Official Report*, 30 January 2006; Vol. 442, c. 24.]

That has yet to happen and I understand that some community hospitals have already shut because the first aim of the primary care trust is to balance the books.

In Guildford and Waverley, several community hospitals are at risk, including Cranleigh Village hospital in my constituency. That hospital is held in much affection. The staff often live locally and it has been effective because, as many hon. Members know, people do much better and their health outcomes are better if they are looked after close to where they live, in the community, so that their local friends and relatives can visit them. Cranleigh Village hospital is so loved that a hospital trust was set up some years ago to raise money

to build a new hospital. A substantial sum of money has been raised, a local benefactor has donated land and detailed planning permission has been granted. The project will go ahead, but only if community beds are provided on site. That is a condition of donating the land.

The innovative and groundbreaking project will be put at risk should community beds in the hospital at Cranleigh close. One sometimes wonders whether we still have a national health service. I urge hon. Members to consider how often Ministers, including the Secretary of State, refer to "the health service", not "the national health service". The beds in Cranleigh are being kept open only by voluntary donations. The community in my constituency remains sceptical about the Government's motives when such projects are put at risk and community beds close. Many hon. Members have alluded to the complex reasons for deficits. The right hon. Member for Rother Valley spoke about inherited budget deficits, which is a problem in my constituency.

We also have an older population and the demands and needs for health care are high. I, like many of my constituents, find it difficult when PCT board papers include statements such as, "We need to manage demand" or, "We need to undertake less activity." Surely that means that people are getting less of the health care that they need. There are some serious problems with the funding formula in the south-east, as was mentioned earlier.

We must take a much longer-term view because it is estimated that, in 2020, half the adult population in the south-east will be over 50.

Adam Afriyie: I recently chaired a health-care question time for the Windsor, Ascot and Maidenhead area. It was striking that the NHS trust and PCT are finding it hard to deliver services or plan ahead because the Government have failed to set the tariffs or the settlement for this year. Does my hon. Friend share my concern that, without secure future finance, it is hard for any hospital or trust to provide a decent service to patients?

Anne Milton: My hon. Friend is right. It is hard to plan, and that leaves staff in an insecure position and many patients, especially the elderly, feeling vulnerable.

Front-line staff are experiencing incredible job insecurity and loss of morale. If one does one's best to deliver health care yet all one hears is budget cuts and posts being frozen, it is difficult to carry on and do the job. Many front-line staff are not only doing their job but covering for the posts that have been frozen in their trust. They also read stories in the newspapers that the trusts for which they work—in the community or the acute sector—are not paying, for example, the bread bills because the financial position is so serious.

I should like to say a little about those who have to carry the can for the cuts. For many people, being looked after at home is good not only for them but for their families. However, trusts that cut services or try to balance their books simply by shoving the burden on to local social services and patients' families do nobody any good. That aspect of the debate is not being properly aired. If people are looked after in their homes because community beds are closing or the trusts cannot keep people in hospital, somebody—often families or social services—will have to bear the burden. We have heard nothing this evening about the problems that social services already experience through their financial constraints.

I urge the Minister to listen carefully and not spend her summing up talking about what the Government have invested in the health service. It is about not only what you put in but what comes out. I still do not understand what is happening to all the money because, in Guildford and Waverley, nothing is coming out at the other end.

8.6 pm

Michael Jabez Foster (Hastings and Rye) (Lab): I believe that it is a good idea to balance the books. We should compare the massive record investment since 1997 with the real-term cuts—

Mr. Graham Stuart: Will the hon. Gentleman give way?

Michael Jabez Foster: No, because the real-term cuts during the Tory years are a fact, certainly in our area. The debate takes place in that context.

The Labour Government have targeted the areas of greatest need, such as mine in Hastings and Rye. Year after year, we have received increases in funding, which has meant a sea change in the area that I represent.

Martin Horwood: Will the hon. Gentleman give way?

Michael Jabez Foster: I am sorry, but I shall get through my speech quickly because many hon. Members want to speak.

I was especially excited when, six weeks ago, I received a letter from my right hon. Friend the Secretary of State to say that, in recognition of the continued challenges in Hastings, which is the 34th poorest town in Britain, there would be a boost to funding. I shall briefly quote from the letter, which stated:

"Today I am publishing a new White Paper that explains how we will tackle health inequalities to give all communities equal access to care.

The first step is fairer funding. All PCTs are getting more money, with the biggest increases for those areas most in need. Your PCT, as one of the thirty most under-doctored PCTs, will by 2007/08 receive average funding of £1,552 . . . compared to the national average of £1,388."

I believed that that was brilliant news. It represented almost a trebling of resources in cash terms since 1997. Unfortunately, I must tell my right hon. Friend the Minister that the euphoria was short lived. Last week, instructions arrived from the Surrey and Sussex strategic health authority to require the Hastings PCT to hand back the £500,000 that it had underspent this year. It was expected to return 3 per cent. of its planned budget for next year and 3 per cent. for the subsequent year. I do not understand those figures, given that the country overall has a funding deficit of 1 per cent. I stress that it still means an increase for the Hastings and

[Michael Jabez Foster]

Rother PCTs of approximately 2 per cent. or 3 per cent. in real terms, which is much more than was historically the case, but it is, none the less, a disappointment.

I want to support the Government in their effort to rein back those health trusts that are overspending. The media often suggest that that involves cuts, but they are not cuts. It is nonsense to say that the significant extra funding that all health trusts have received is a cut. Nor am I suggesting that ever-increasing demand and new procedures and developments will ever result in a surplus of cash in the health service. They will not, and those needs will always be there.

In Hastings and Rye, we have a very good, competent primary care trust. The House will be interested to know that that PCT and the Bexhill and Rother PCT have already pooled their senior management resources and costs. Marie Casey, the chair of the Hastings PCT, and John Barnes, who chairs the Bexhill and Rother PCT, have placed their confidence in an excellent management team that is led by Toni Wilkinson, the chief executive, to manage within the increased budgets provided. Those PCTs have done what they were asked to do. Indeed, the Hastings PCT will finish the year with about a £500,000 underspend.

It so happens that the East Sussex Hospitals NHS Trust, our main hospitals provider, has found the going tough and has significantly overspent. However, the PCT has not bailed it out. Instead, it has insisted on stringent financial management at the hospital. The hospital trust was £5 million overspent at the beginning of this financial year and heading for a £16 million overspend. So it took on Kim Hodgson as its new chief executive. She has applied the pain—even though she is a nurse—and it is now likely that the hospital will finish the year in no worse a position than it was in at the beginning, and that by the end of the calendar year it will be in balance. This shows what can be done without a bail-out from the PCT.

My PCTs have important plans for delivering the Government's agenda for locality health centres. They are working to provide three new centres in the area, and they have relied on the money that they were promised to make that possible. It will not be possible if they do not have the money that they have been promised. What we are seeing in those PCTs and in that hospital trust is gold-standard management. They acknowledge and accept the Government's belief that if fair funding is provided, as it has been, it is their duty and responsibility to manage. That is why I am so angry about what the strategic health authority is now seeking to do.

The SHA is saying that, as the Government require it to balance its books, it wants the money back from the PCTs that have underspent this year. It also wants the PCTs to accept a massive 3 per cent. reduction in their planned spending for next year and the year after. That would mean putting all their plans on hold. I regard such management on the part of the SHA as deplorable. How can it behave in a manner that is so contrary to the intentions set out in the letter from the Secretary of State that I have just mentioned? How can it take money from the successful to give to the hopeless?

The Under-Secretary of State, Lord Warner, wrote a letter to me that I received on 6 March. He mentioned overspending, and said:

"The reconfiguration should not be used locally to move resources from high performing areas to underperforming areas. Local managers should be ensuring that the quality of financial management in all organisations is raised to the level of the best."

I could not agree more with what Ministers have said on this matter. They were absolutely right, and they should insist on their wishes being carried out now. The SHA is proposing to reward the bad and punish the good, but that is precisely the opposite of what Ministers were saying. If trusts believe that they can be bailed out, what message does that send to others? I know what message has been sent to my local PCT, and I certainly know what some of the GPs are saying. They are saying, "Why bother?" What is the point of enduring the pain if they are to be punished in this way?

In Hastings, we have always had the problem of being a poor area in a rich region. I understand that that does create a problem, but that problem needs to be addressed by targeting the resources even more. It is also a reason why we can ill afford to lose our local PCT, because that kind of spreading of resources would occur as a consequence.

I shall conclude by referring to the prodigal son. For anyone who has not heard the story, it was about a guy who went away and was profligate. He came back and, it is said, all was forgiven. Well, not quite. The real story of the prodigal son is that he went away, he came back, and he was indeed forgiven. But he never got his cash twice. He had spent his money and that was the end of it. He was looked after and cared for, but he never got his helping of cash twice over. I want to suggest to the Minister that that is the message here. These trusts have had their money, and they have spent it. It is important that they should not gain any benefit from overspending. That sends out the wrong message, and it is unfair to those who work hard and comply with the Government's entreaties.

8.14 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): We have heard an interesting series of contributions today, including that of the hon. Member for Hastings and Rye (Michael Jabez Foster), who seemed to give two speeches. One resembled a job application; the second was closer to reality. The question underlying his speech was, why did the SHA decide to top-slice by 3 per cent. his excellent local health care trust, thus calling a halt to any hope of the growth and improvement for his constituents for which he obviously devoutly wishes? The answer is that that order came from the Secretary of State; it was not dreamt up by the SHA. If Ministers have not told Back Benchers that truth, perhaps they ought to.

The hon. Member for Staffordshire, Moorlands (Charlotte Atkins) is unfortunately no longer in her place. She made what is probably the most extraordinary speech I have heard in the Chamber. She appeared to be supporting the actions of her local health service that will lead to 1,000 job cuts. I realise the seriousness of my saying that, which is why I am extremely glad to have the support of other hon. Members. I would hesitate to say such a thing otherwise.

It is astonishing for her to be in that position. She asked for a Rover-style bail-out. I think that the penny is finally beginning to drop, even among Labour Members, that despite the huge spending by the Government, there is a need for Rover-style bail-outs in parts of the NHS.

On NHS deficits, Ministers have moved from denial to outright panic. The truth is that the NHS budget increased by 40 per cent. between 1999 and 2004. It will have tripled in cash terms, but by 2007–08 the budget will have increased in real terms by 75 per cent. There is increasing bewilderment not only in the House, but across the country about where the money has gone. The hon. Member for Southport (Dr. Pugh) asked where it had gone, as does everyone else. In 2004, it was leaked—admittedly—from the Prime Minister's strategy unit that there had been a reduction in NHS productivity of up to 20 per cent. by 2004, despite Government spending. So Labour Members might sing the praises of the vast sums that have been spent on health care, but the truth is that productivity has fallen. It was surging in the early 1990s.

Hugh Bayley (City of York) (Lab): Will the hon. Gentleman give way?

Mr. Stuart: I will give way to the hon. Gentleman, who I hope will address this point. Labour Members suggested that there were real-terms cuts in health budgets under the Conservatives. That is completely untrue. Perhaps the hon. Gentleman will answer the key question of whether, according to the standard measurement of productivity in the NHS, productivity has been falling under this Government. Would not that explain the waste of all this money?

Hugh Bayley: Would the hon. Gentleman care to share with the House his party's plans for increasing productivity in the national health service?

Mr. Stuart: I would be delighted to do so. My hon. Friend the Member for South Cambridgeshire (Mr. Lansley) repeatedly explains to Ministers—sometimes he even does it slowly—that the problem is one of centralised control, involving target setting. A further problem is the fact that 70 per cent. of the costs in local health economies are used to pay salaries and wages—

Hugh Bayley *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Member for Beverley and Holderness (Mr. Stuart) is answering the question that the hon. Member for City of York (Hugh Bayley) has just asked. It might be a good idea if the hon. Member for City of York waited until he has completed his answer.

Mr. Stuart: I am grateful to you, Mr. Deputy Speaker.

Who controls those salary and wage levels? Who renegotiated the GP contract? Who was it who, brilliantly, agreed to pay more for less work? Who reorganised the out-of-hours service, so that the service is now denuded across the country? Who renegotiated the consultants' contract? It was this Government. It was Ministers. It is about time that Labour Members realised that Ministers are responsible in this House and this country for the running of our health system.

Hugh Bayley *rose—*

Mr. Lansley *rose—*

Mr. Stuart: I will not give way to the hon. Member for City of York now, but I will give way to my hon. Friend.

Mr. Lansley: I hesitate to stop my hon. Friend when he is in fine flow, but he might like to know, as might Labour Members, that between 1990–91 and 1997–98, hospital activity increased by 31 per cent. In the seven years after 1997–98, it increased by 19 per cent. If productivity had increased in the years since 1997, there would have been 1.4 million more operations in the national health service last year. *[Interruption.]*

Mr. Stuart: I am extremely grateful to my hon. Friend. In answer to the question from Labour Members, that is devastating. Apart from giggling and making snide remarks, I ask them to reflect on what has come from this Government's unprecedented spending. During the years when the Conservatives were in power, there were real, above-inflation increases in health spending every year and improvements in productivity. If the health service had continued to improve as it did under the Conservatives, waiting lists would have been removed altogether in this country. *[Laughter.]* Labour Members might want to laugh and cackle like hyenas, but their Government's target-driven, centrally controlled NHS is heading for absolute crisis and catastrophe. We have only seen the beginning of the job cuts and political unrest that will be unleashed by this Government's failure in health care.

If we examine the issue of productivity a little more, we see that this Government inherited the strongest economy in Europe when they came to power. It was Derek Scott, Tony Blair's former economic adviser, who said—

Mr. Deputy Speaker: Order. The hon. Gentleman must refer to the Prime Minister in the normal way.

Mr. Stuart: I apologise, Mr. Deputy Speaker. Derek Scott, who was the Prime Minister's former adviser, said;

"Gordon has frittered away the best inheritance left to any Chancellor in living memory."

In 1997, with the strongest economy in Europe, there was an unprecedented opportunity to transform health care in this country. Let us face it—the money has gone in. Spending has increased and, perhaps, as some have argued, it took a Labour Government to do that. It is even more true, however, that it will take a Conservative Government to bring back value for money for patients; to put health care, not cost savings, at the top of the priority list; and to ensure that we return to having care close to home, which no longer appears in White Papers.

In 2000, under the NHS plan, those of us involved in fighting for community hospitals were told, "You're saved. It's okay." What has happened? More than 1,500 beds have closed in community hospitals in this country. We then had the astonishingly named

[Mr. Stuart]

document, "Keeping the NHS Local". When I first came across it, I found it fascinating. I wondered whether it was a sideline, but I discovered that it was the Government's primary policy paper on health, against which everything should be measured. Members can imagine my shock when, new to this House, I found that my local services were being cut. They can imagine how that was compounded, although I was initially joyous, when the White Paper came out. A new Secretary of State was saying that no community services or facilities must close because of short-term budgetary pressures. She said at the Dispatch Box, where the Minister is currently smiling and laughing, that that should not happen. Across the country, it is happening.

Between 1999 and 2003, spending increased by almost 30 per cent. The number of hospital treatments—Labour Members are quick to intervene but, strangely, they are not doing so now—went up by just 5 per cent. Ministers of this Government are grinning at that failure. Productivity has fallen and, as my hon. Friend the Member for South Cambridgeshire has said, the impact has fallen on the most vulnerable and ill in our society.

Recently, there was the case of Mena Rising, who was terminally ill in Westbury hospital. Despite the White Paper, the local primary care trust decided that that hospital must close. At five days' notice, because it had budgets to balance—let us remember the words of the health White Paper, which, as I said earlier, people now see as a sick joke—all the patients were moved. A check was done on Mena Rising, however, to see whether her GP was wrong to say that, as she was terminally ill, she should not be moved. They could not overcome that assessment, so she was allowed to remain alone in that hospital. All the other patients were moved on a Sunday and she died on the following Thursday.

That is the reality of new Labour's NHS. The failure to deliver value for money is a result of the failure of the Labour party to take as much care over spending as it does over the accompanying soundbites. This Government need to stop blaming managers for systemic failures that derive directly from their policy. They need to face up to the fact that never in the history of British government has so much been wasted by so few.

8.26 pm

Dr. Howard Stoate (Dartford) (Lab): It gives me great pleasure to follow that tour de force.

As probably the only practising doctor left in the Chamber, it gives me great pleasure to take part in this debate and to introduce some reality into what is a serious debate. No one is trying to downplay or belittle the overspends, which are causing significant pain in a number of constituencies throughout the country. It is important, however, to put that in context. We need to consider the enormous improvements in the health service over the past few years, which no one has yet mentioned.

It is convenient for the Conservatives to say that money is going in and not much is coming out. As a practising GP, let me tell the House that if I see a patient with suspected cancer now, I can guarantee that that patient will be seen by a cancer specialist within two weeks of my making the decision that there might be a serious problem. If it turns out that the person does not have cancer, so much the better. Nevertheless, the waiting time, anxiety and stress for that patient and their family has been reduced. The two-week waiting time has transformed that experience.

Mr. Lansley: Will the hon. Gentleman give way?

Dr. Stoate: I cannot give way, as there is very little time.

I can now say to a person who needs a new hip, "You will have that new hip within six months." It used to be one, two or three years. People were forced into the private sector. They did not want to go to the private sector, but they had no choice because little else was available unless they had private health insurance. That has been a fantastic achievement.

The new GP contract, which has had its first full year in operation, has transformed the management of chronic diseases in this country. It has transformed care for diabetes, heart disease, strokes and transient ischaemic episodes, and soon, in the next round of GP contract changes in April, chronic kidney disease. That is transforming patients' lives. It does not necessarily appear in the statistics or on the front page of the *Daily Mail*, but it is transforming people's lives in a way that was never possible before.

We talk of massive, catastrophic overspends. If the figures are correct and we turn out to have spent about 0.8 per cent. too much on the NHS, we should put that into context. It means that the average person on an average wage has ended the year with a deficit of £200. I do not believe that the average person on an average wage would feel that it was a catastrophe, a meltdown or a disaster to end the financial year with a loan of £200. It is the equivalent of my telling someone, "Go out and buy yourself something for £10" and their coming back and saying "It cost me £10.08". That is hardly a catastrophe, a meltdown or a disaster.

The Government have invested record amounts and are achieving record results as a consequence. I can now say to a patient in my consulting room, "I think that you should see a consultant." We can decide together which hospital would serve the patient best and I can book the appointment on my computer while the patient is still sitting in my consulting room. I can say, "There is your appointment to see a named consultant in a hospital of your choice on that particular day." The hon. Member for South Cambridgeshire (Mr. Lansley) laughs, but I wonder whether that was possible under the last Government.

Mr. Lansley *rose—*

Dr. Stoate: I will give way to the hon. Gentleman. I should like to hear what he has to say.

Mr. Lansley: I laughed because, according to the Government's own figures, in January only 13,000 direct bookings were made through choose-and-book. According to the commitment that they made,

everyone would be able to book an appointment directly through choose-and-book by the end of December 2005. It just is not happening.

Dr. Stoate: I assure the hon. Gentleman that it is happening. It is certainly happening in my constituency, in my practice and in my primary care trust area. Of course there are teething problems; of course it is taking longer than we thought it would take; of course there are massive difficulties with an IT system that is as enormous as the new NHS IT programme. I am not saying that the arrangements are perfect. I am not saying that the NHS has achieved nirvana, because clearly it has not. Nevertheless, it has travelled a long way.

That is not to say that there are no issues of concern. There certainly are such issues, and I should like to raise a couple. My local hospital, which is involved in the private finance initiative, has a turnover of about £100 million, with a PFI access charge of about £18.9 million this year. Yes, it is in financial difficulties. I met the chief executive last week to discuss how that would be managed, and heard about his robust programme to keep the deficit at least to a reasonable level. It is not a crisis, but it is a matter of concern, and of course it matters to patients.

The hospital is having to scale down some of the elective operations scheduled for this side of the end of the financial year, because in 10 months it has engaged in the amount of activity that would normally have filled 12 months. The results have been excellent, with improved efficiency and productivity, but of course budgets are stretched towards the end of the financial year, and some operations will need to be postponed until April. That is worrying for patients, but I have been assured that they will still be treated within the six-month time scale set by the Department. That is much better than anything that happened in earlier times.

I believe that there are things that we can do to improve NHS efficiency and reduce some of the worrying overspends. I should like acute trusts and primary care trusts to work far more closely together, with regular updates and meetings to plan expenditure and activity, so that we do not see, year after year, February deficits and end-of-financial-year meltdowns and disasters that are avoidable and foreseeable, and should be a thing of the past. If the PCTs and acute trusts sat down together to plan expenditure over the year, many of those difficulties could be removed.

There is also a need for acute trusts to work together. All too often, an acute trust that finds itself in difficulty will ignore what other trusts are doing down the road and will duplicate services, trying to increase income by concentrating on what they see as their strengths, regardless of what else is happening in the local health economy. That is inefficient, and I believe that it destabilises some areas.

I feel that payment by results encourages hospitals to generate as much business as they can in order to stay healthy. It has encouraged some hospitals to adopt the approach that the more patients they admit, the more money they can earn. That distorts local priorities. An analysis of the impact of the system, which was introduced in 2004, found that it had led to an increase in the number of short-stay admissions to foundation hospitals—as opposed to non-foundation hospitals, which were still operating under the old block contract payment system. Between April and September 2004, the number of short-term admissions rose by an average of 24 per cent. in the 10 foundation trusts, and by only 17 per cent. in similar non-foundation trusts. Research by the Audit Commission found that overall hospital activity in foundation trusts had increased by 1 per cent., and that the number of short-stay admissions had risen by 7 per cent. Some of those hospitals are driving up activity in a way that does not necessarily reflect local health need, and could destabilise and undermine PCTs' efforts to keep their budgets under control.

The accident and emergency waiting target may also cause problems. Because some hospitals have found it impossible, or very difficult, to discharge patients within four hours, there is an increasing tendency to admit patients. Not only does that avoid the four-hour target, it increases hospitals' income significantly. There is a driver in the system which, in some hospitals, has caused inefficiency to push up the costs to the local health economy. There is also a tendency for some hospital trusts to exaggerate the complexity of patients' illnesses, which again pushes up the tariff for the care that those patients receive.

Those are not acute structural problems, but they should cause concern. I should like Ministers—especially when they engage in discussions with trusts and others—to think about how the distortions can be levelled out. Many of the overspends are not all that enormous, but they can build up over a period, and such levels of inefficiency in the system can cause unnecessary destabilisation.

There are also far too many follow-up out-patient appointments; indeed, my research shows that some two thirds of all NHS out-patient appointments are follow-up appointments. I do not know what research has been done on how unnecessary they are, but my understanding and belief is that many could easily be carried out by the GP or practice nurse, and some of them are probably not even necessary. They give rise to significant cost pressures in an acute hospital setting, where many patients simply do not need to be and, frankly, do not want to be. Many would probably be happier at their GP's surgery, and if the GP feels that the problem is beyond his or her capability a referral back to the hospital would be a much more efficient use of facilities and finance.

I shall not dwell on these issues, as other Members wish to speak in this important debate. This is not a crisis, a meltdown or a catastrophe, but it is worrying that the health service should end up with yearly deficits, despite the record amounts of money going in. It is very important for Members to reflect on the significant improvements in patient care. Patient satisfaction is rising and all GPs now have to conduct yearly independent patient satisfaction surveys in order to show the PCT that they are doing a good job. The vast majority are indeed doing a good job, and through the new pharmacy contract pharmacists are making significant improvements. Moreover, nurse practitioners and specialist nurses are making incredible improvements in health service care.

Our patients have never had such a good health service. The Government are rightly praised for the huge efforts that they have made and the sums that they have invested in the NHS. Instead of soundbites and

[Dr. Stoate]

shouting, we should have a responsible debate that reflects the fact that a great deal of work has been done, but that does not mean that there are no concerns or issues that need to be dealt with. I shall be interested to hear the rest of this debate.

8.36 pm

Dr. Richard Taylor (Wyre Forest) (Ind): As you and the House know, Mr. Deputy Speaker, I have no party political axe to grind; my aim tonight is simply to get at the truth. It is entirely natural that the Government should minimise the scale of the deficits, saying that only a quarter of trusts are in deficit and that the projected £800 million deficit is only 1 per cent. of the total budget, but I am not at all sure that that is the true figure.

This year—2005–06—trusts have been allowed to use brokerage, short-term loans and cost improvement programmes and, at the half-yearly point, the projected deficit was £620 million. At that time, one trust in my locality admitted to a deficit of £3.8 millior; it now has to save £20 million to get into balance. Another trust admitted to a £10 million deficit; it now has to save £36 million to get into balance. The hon. Member for Guildford (Anne Milton) said that her trust has to save £16 million, yet according to its six-monthly forecast it was going to be in balance. If those examples mirror the picture across the country, the gross deficit is far greater than the £800 million that is being admitted to. We should also consider reports of the scale of redundancies in trusts such as Cornwall and North Staffordshire. Technically, the Queen Elizabeth hospital, Woolwich, is insolvent. Many Members have mentioned top-slicing at 2 to 3 per cent., but if that is to be the right answer, the figure would have to be even higher.

What has happened to the extra money that has been invested, rightly, in the health service? The figures given to the Health Committee by the think-tank Reform were passed to the Department of Health and have not been queried. Some £3.7 billion of the extra £6.6 billion has gone automatically on cost increases. That leaves £2.9 billion, which has been spent on meeting underestimates of the cost of the new contracts, of the cost of recommendations by the National Institute for Health and Clinical Excellence, and of the cost of private finance initiatives and pensions. That leaves very little to pay for employing the extra consultants and nurses being trained, or to meet the 18-week target.

If we could get at the truth of the real scale of the deficits, the Government would have to agree to give more time to achieve balance. It is ridiculous to try to achieve balance in precisely 12 months. The Royal College of Nursing, in a letter that I suspect that it sent to many hon. Members, stated:

> "All Trusts should have the option to defer deficits for an agreed period of one to three years as agreed with the health economy where achieving in year balance will restrict choice and adversely impact service provision."

Apart from the delay, what should we do? It is obvious what we should do. First, we need to examine the equality of funding. Some hon. Members have already mentioned work that suggests that funding is not equitable. We do not just condemn management; we examine the quality of management and see where it is good and where it is not. We ask the Department of Health not to make any more mistakes. It was admitted in a letter dated, I think, 22 February, that the Department had got the national tariff wrong. How can one calculate how to spend one's money if the tariff is wrong? We should allow time for payment by results to happen and for practice-based commissioning. We should put an embargo on further use of private independent sector treatment centres until we really know—when they have been evaluated—if they are value for money.

We should put a temporary halt on PFIs. Some 60 trusts have PFIs tying up about 11 per cent. of their income. That is the first call on the income. We have had 28 reorganisations since 1982. As I keep telling the House, for goodness' sake, do not have any more reorganisations for the moment. The Government must avoid knee-jerk reactions. Top-slicing the primary care trusts is not right and neither is shifting the cost of long-term care. As for the suggestion that asthma and heart disease can be treated more in the community, doctors do not send patients to hospital for fun and patients do not go for fun. Virtually every case of asthma or heart disease that can be treated in the community is being treated in the community. When the people concerned go to hospital, they do so because they need a consultant opinion, consultant investigations, consultant treatment or intensive nursing care. I cannot imagine where the suggestion has come from. What medical advice did the Secretary of State take on that? Did she ask the royal colleges, the chief nursing officer or the chief medical officer? That sort of plan is a knee-jerk reaction.

There is a lot that can be done. I held an Adjournment debate just last week on the logical reconfiguration of acute hospitals, because there is scope for that. I want to make it absolutely clear that I am not talking about community hospitals, which are a cost-effective way of saving acute hospitals work, but there are logical reconfigurations of acute hospitals. Let us take the example of Hartlepool, Stockton and Middlesbrough, which are within 8 miles of each other in an equilateral triangle. One cannot keep three all-singing, all-dancing hospitals with everything there, but services can be shared.

There should be a logical review of the work force, with joined-up thinking. We should not train 30,000 extra consultants unless we can employ them and at the moment, we certainly cannot. The move to care in the community might mean that we do not need them all. Perhaps the most important thing is to have an open debate on health care rationing and on what people would be prepared to pay and what sort of NHS charges are realistic. Not very long ago, *BMA News* carried out a survey of its readers and 96 per cent. of doctors who responded said that health care rationing was one of the most important things that should be discussed.

I wonder why Ministers are so scared of rationing. Concluding an article with the headline, "Why rationing looms for the NHS", the health correspondent of *The Independent* said that rationing

> "is a word, and a prospect, that health ministers dread."

If one has a child who is afraid of the dark, one takes them up the darkened stairs and shows them that there is nothing to fear. The Government have to be treated like that. They have to be shown that the fear of health

care rationing is completely irrational and that people would welcome such rationing. We must consider it because demand will simply outstrip the money available due to increased longevity and more possibilities for treatment.

We should allow beleaguered trusts a little more time while debate continues on all these measures, which would be possible to implement. In my heart of hearts, I would like to abolish the market and go back to what I believe were the halcyon years of the NHS in the 1970s and 1980s. Sadly, that is not possible, but the market is not working at the moment. We must find out whether, with sensible changes, we can make it work.

8.46 pm

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): In a debate that concentrates on estimates and figures, it is inevitable that there is an emphasis on difficult funding areas. However, when we rightly examine such areas, it is important that we do not lose sight of the bigger picture: far from being in crisis, for the fifth year running, our health service is treating more people, reducing waiting lists and improving patient care. Funding has increased from £34 billion in 1997 and it is projected that it will be £92 billion in 2007–08. Yes, there are problems, but when a £70 billion budget—the current budget—is delivered by 600 separate units, the chances of keeping each unit in financial equilibrium are slim. We must also consider the situation in the context of dramatic changes to the way in which we deliver health care and the implementation of new contracts. Such difficult and perhaps destabilising issues have caused problems, but we have an NHS funding deficit that is a tiny proportion of the whole budget and considerably less than that in 1997, when there was a much smaller NHS budget.

The hon. Member for Beverley and Holderness (Mr. Stuart) threw out statistics on productivity that were laced with individual anecdotes. I, too, would like to compare what the NHS is like for people in my area with how it was a few years ago. My GP surgery, which is just down the road from me, has almost doubled in size. There has been a huge increase in the provision of GPs and support staff, and throughput. The surgery now has a training centre.

I look at the two acute hospitals in my area. Russells Hall in Dudley has almost doubled in size and Sandwell hospital has a new accident and emergency department. I had personal experience of the A and E department at Russells Hall last week, when I suffered the occupational hazard of all politicians. When inserting a leaflet through a door, I was met by a quiet, yet vicious dog that not only refused to enjoy the wisdom of my leaflet, but proceeded to try to chew off the ends of my fingers. I was in and out of the accident and emergency unit at my local hospital in just over an hour. When I compare the waiting times that I experienced a few years back—

Mr. Stewart Jackson (Peterborough) (Con): Will the hon. Gentleman give way?

Mr. Bailey: I will not give way, because I am short of time and other hon. Members wish to speak.

We have seen a huge improvement, but I wish to take up a couple of issues. My hon. Friend the Member for Dartford (Dr. Stoate) mentioned deficits and the way in which some hospitals were managed. My local PCT has a small deficit and it puts it down almost entirely to the increase in accident and emergency admissions in hospitals, especially a huge increase in short-stay admissions as a result. I cannot believe that so many more people are having accidents or other emergencies that require short-stay admissions. There must be a problem with the management of the health care caseload in the area, which must be examined to ensure that funding meets provision more accurately than it does at present.

I reinforce the comments made by others about top-slicing. My own local area has a history of underfunding and health problems. On all the indices, such as cancer rates, coronary heart disease, infant mortality and life expectancy, my area performs poorly, which is why it is one of the so-called spearhead PCTs. We were enthusiastic about the extra funding from the Government to address those problems, but the SHA's top-slicing arrangements mean that all the benefits that could have accrued from that extra money might be lost. I ask the Minister to ensure that the process that will be used to bring overspending trusts back into line does not penalise those PCTs in the most deprived areas. Otherwise, the whole thrust of Government policy will be blunted.

There are problems, but they have been created in the context of an expanding health service, which is driven by people's higher aspirations. We need to deal with the problems, but we should not lose sight of the fundamental truth that the NHS is not in crisis. It is delivering a much better service for many more people than it has done historically.

8.52 pm

Mr. David Amess (Southend, West) (Con): I was very interested in the various points made by the right hon. Member for Rother Valley (Mr. Barron), and I know that, as the Chairman of the Health Committee, he will ensure that it scrutinises carefully how the NHS is managed and the money is spent.

Although the hon. Member for Wyre Forest (Dr. Taylor) says that he is non-party political, I agreed with every word of his speech on this occasion. The NHS faces one of its biggest overspends since 1948. Many trusts and PCTs are now faced with stark options—to meet the Government's targets and create large deficits or adopt cost cutting and contractions to come in on budget.

I am fortunate enough to represent a constituency with a PCT that has managed to break even every year since its inception, and a hospital trust that has been able to carry forward large surpluses in the present financial year. However, I appreciate that I am in a minority of Members in that respect, and I have listened carefully to what others have said about local deficits. I feel for them, and their attempts to address the issue.

The NHS has to live within its means and the long-term solutions are, as always, to maximise productivity and ensure that extra spending brings worthwhile returns. However, it is not just for NHS managers to address those issues. As several of my hon. Friends have already said, the Government have a responsibility to ensure that their target-setting agenda does not force health organisations into debt, and that bureaucratic

[Mr. David Amess]

changes, such as the transition to payment by results, do not increase the financial uncertainties faced by many trusts and authorities.

Why is the national health service in financial difficulty? There are various reasons, and I do not for one moment blame the Government for all of them. The Government have done good things, but I challenge them on others—for instance, the difficulties due to the extra costs of increasing staff, the tough targets, the culture of transparency, hospital rebuilding programmes and payment by results.

I am sure that the Minister of State, the right hon. Member for Liverpool, Wavertree (Jane Kennedy), who will respond to the debate, is enjoying every minute of it so I do not ask her to respond now to the matter that I am about to raise, but perhaps she could write to me. In 2004, Southend Hospital NHS Trust applied for foundation trust status on the basis that it would be able to remain part of the NHS, working under NHS traditions, providing treatment free at the point of delivery, and would also be able to involve more local people, hospital staff and volunteers in service delivery, but with greater freedom in the funding of health care. However, the application was turned down and, as the trust reported on 27 February, Southend hospital's hope of being licensed as an NHS foundation trust on 1 April 2006 received yet another disappointing setback.

Like five other hospital trusts that were set to gain approval from the regulatory body, Monitor, Southend was told that there were a number of "underlying errors" in the new payment by results tariff issued by the Department of Health. That really depressed the staff. The chief executive of Southend hospital, David Brackenbury, described the unwelcome news as

> "frustrating for everyone who has been involved in the extensive preparations necessary to become established as an NHS Foundation Trust ... Furthermore, this delay in receiving the tariff will cause us considerable problems in setting our budgets".

I could say much more, but I am sure that the Minister has got the message, and I would be grateful if she would write to me.

Why do some hospitals manage to come in on budget while others fall into serious debt? Some hospitals and PCTs are managed better than others—I will not say much better. However, some suffer from much larger systemic problems, such as being in an area with a large number of hospitals, resulting in too many bureaucrats and too much administration and duplication of diagnostic facilities.

Southend does not suffer those systemic difficulties, as it is a small unitary authority that collaborates well with other PCTs in Essex. I am delighted to tell the Minister that for the third year running, Southend Hospital NHS Trust has achieved the top, three-star, status—a significant achievement. Furthermore, it succeeded in meeting both its financial and waiting time targets, so the Minister will understand my point about the disappointment caused by the statement about the hospital's foundation trust application. The hospital's achievements are solely down to the hard-working staff, who have risen to the extra challenges presented by the Government's target-setting agenda, while managing to balance the books.

As several Members have said, changing the structure of PCTs has caused some disquiet; it has certainly done so in Essex. Is the reorganisation of PCTs about cost saving or improved service delivery? The Government have identified efficiency savings of 15 per cent. Had cost savings not formed part of the criteria, organisations could have had considerable flexibility to tailor reconfigurations closely to local need. Linking the reforms to cost savings at a time when many PCTs are already managing deficits means that many SHAs will have no option but to reduce the number of PCTs. Such a reduction in the number of organisations would release £250 million of NHS money, but in some PCTs the push to save costs has overridden other considerations, such as maintaining local engagement. I hope that that is not what the Government intended.

The Secretary of State announced last week that she is willing to accept full responsibility for the financial circumstances in which the NHS finds itself, and she has pledged to go ahead with market-based reforms and be judged on their success. That has been accompanied by the news that hundreds of jobs are likely to be axed—we have already heard about the announcement by the University Hospital of North Staffordshire NHS Trust that 1,000 jobs are to be cut from its 7,000-strong work force. The Secretary of State accepts that there will be more turbulence, more disquiet and more criticism, but believes that measures to improve efficiency could be made without jeopardising patient care. However, the departure of Sir Nigel Crisp smacks of his being fingered as the fall guy for the problems. The Minister of State should say more about that.

The hon. Member for Wyre Forest (Dr. Taylor) talked about proposals to ease the cash crisis by cutting the number of emergency hospital admissions for chronic illnesses, but I wonder whether that is a sensible move. The Royal College of Nursing has acknowledged that many people with chronic conditions could be treated in the community rather than admitted to emergency units, but points out that that would require extra funding to pay for the nurses, which would still take resources, so it is not necessarily the cheaper alternative that the Government are seeking. The Government should reconsider that idea very carefully.

9.2 pm

Paul Farrelly (Newcastle-under-Lyme) (Lab): The debate is timely because, as my hon. Friend and neighbour the Member for Staffordshire, Moorlands (Charlotte Atkins) has already pointed out, last week our local hospital, the University hospital of North Staffordshire, published its plans to tackle its financial deficits. I hope that the House will bear with me as I focus on the same subject, although I shall take a different tack from that taken by my hon. Friend and neighbour, even though I share her ambitions for the NHS in our area.

Ours is, I believe, the first of the 18 so-called turnaround trusts to announce its financial recovery plan, although I understand that the Shrewsbury and Telford Hospital NHS Trust has made an announcement today. Whatever one thinks of its record, the Shropshire and Staffordshire SHA is now certainly leading the way. The cuts announced in North Staffordshire last week affecting up to 1,200 workers make gruesome reading, and they have already had a

devastating effect on morale. They include 573 nurses, midwives and nursing auxiliaries—one in five of all nursing staff. In total, one in six of the hospital's dedicated and hard-working staff will go if the plans go through.

It is true that the 18 trusts singled out in the NHS hall of shame are a small minority of NHS trusts, and the projected deficit of approximately £800 million is only a small percentage of total annual spending, which has grown enormously for the benefit of patients everywhere in the country, but the problems exemplified by the situation at my local hospital point to an NHS that is creaking at the seams—in some places, but by no means all—because so much change is happening all at the same time. Even if eyes have been taken off the ball—amid all the change in my area, they certainly have—what is important now is that the response to tackle the deficits must not veer out of control.

The brutal announcement in North Staffordshire last Thursday, however, appears to provide some evidence of a system in panic—or, in my patch at least, of a response calculated to cause political panic. Either way, the consequences are appalling for staff and for people's confidence in our local NHS. I am afraid to say that the document issued to staff last Thursday was a disgrace both in content and tone, whatever apologists say about the legal requirement for statutory 90-day notice of redundancy.

The document was predicated on the fact that we must save £43 million over two years—to put it crudely, every £1 million means that 30 jobs will go. However, we are talking about a hospital, not a business going bankrupt, and that is no way to secure the good will of staff, which is the basis on which much of the NHS operates. Staff representatives from Unison, the Royal College of Nursing and other trade unions are rightly up in arms because, in many respects, the hospital was allowed to drift in a relatively short period by its board, by the SHA, whose chief executive was replaced last autumn and, ultimately, by the NHS executive. Like my right hon. Friend the Member for Rother Valley (Mr. Barron), I am certainly not a softy or an apologist for poor management by the hospital itself.

At a time of immense change and huge investment, the hospital was allowed the luxury of letting its former chief executive, David Crowley, serve 13 months' notice before leaving for personal reasons. The NHS is not a business, but it needs to be run to the exacting standards demanded elsewhere, and I complained that that symptomatic drift would not be acceptable in other organisations. After 13 months, in August last year, the hospital appointed only an acting chief executive, Peter Blythin, who was shifted in January, with the obligatory warm words, to another part of the NHS. In the meantime, the wake-up call came loud and clear last November, when the trust announced a doubling to £18 million of its predicted deficit for the current financial year. The bell tolled deafeningly with the resignation of the chairman and all the non-executive directors only three days before Christmas—just the sort of festive present that people do not want.

Since then, local MPs have tried to get to the bottom of the hospital's £18 million deficit. As late as mid-February, at a meeting in Parliament, the SHA could not provide us with all the details and assumptions that we needed, but they are crucial, given the vagaries of NHS accounting. It promised to do so, but out of the blue came last Thursday's news: £43 million of savings are now planned over two years, with calamitous consequences for staff. Despite those consequences, the statement and plan were issued on no higher authorisation than that of the hospital's acting chief executive. They were not issued on the authorisation of the SHA board or, as far as I am aware, the Department of Health.

Mark Pritchard: Will the hon. Gentleman give way?

Paul Farrelly: I am afraid not, because the hon. Gentleman intervened earlier, and other hon. Members wish to speak.

The so-called NHS turnaround team consists of one man from Deloitte, who only got his feet under the table last Monday, so he has not had any input. When I asked what was the point of the turnaround man, the reply was, "Good question." The purpose of my gnashing of teeth is to make the point that the process is hardly well stewarded. At times there is a vacuum of governance, accountability and control. I do not want to bog the House down with too much detail, but some is necessary to illustrate the impact on the deficits in my local area of different policies changing at the same time.

On Friday I was finally provided with the first draft of the hospital's financial recovery plan, dated 18 January—two months out of date, but a first faltering step on the road to accountability. It is clear that for some time the hospital was allowed to employ accounting staff who found it difficult to recognise basic accounting principles. For example, one does not make up for recurring overspends by using the budget for one-off items. It is clear, too, that there is a cosiness among NHS accountants locally. The hospital did not bill PCTs for extra work, as it did not want to embarrass them and force them into deficit, and it knew that they could not pay. Unfortunately, the numbers have to add up for big payments on private finance initiative projects such as our new hospital, so that eventually leads to a brick wall.

We need rigorous accounting, not because the NHS is a business, but because we need to know what everything costs so that the taxpayer can obtain value for money. In the hospital's predicted deficit, some items stand out like a sore thumb. For example, there are £4.2 million of unfunded costs for the new consultants' contract, the working time directive and "Agenda for Change". In addition, £7.2 million so far this year and £4.2 million next year have been earmarked for the new policy of payment by results. In many respects, those are unknown, unintended or poorly predicted consequences of policy change. The new chief executive has acknowledged that much of the recruitment that has been undertaken is in line with national targets, but we want to know exactly how much.

Clearly, I agree with my right hon. Friend the Member for Rother Valley and other hon. Members that we must know not just what we spend in the NHS, but how well we spend it and what everything costs. In North Staffordshire and elsewhere, the financial recovery plan does not seek to restore finances just to an even keel. The requirement is that in the following year, trusts must recover the underlying deficit, plus an element of the deficit carried forward from the previous

[Paul Farrelly]

year. That is a painful incentive not to get into deficit in the first place and a powerful signal, but where recognisable failures have occurred in the NHS system at a time of great change, it is too brutal in its effects now.

In North Staffordshire, some of the vagaries of the modelling, particularly with payment by results, may yet lead us to predict another £20 million of deficit. Staff and patients in areas such as north Staffordshire, which are already underprivileged, should not bear the pain of that brutality. The response must be managed and planned; it should not cause chaos, run amok or be out of control.

9.10 pm

John Hemming (Birmingham, Yardley) (LD): A lot of good points have been made today, particularly by the hon. Member for Wyre Forest (Dr. Taylor). He and the hon. Member for Newcastle-under-Lyme (Paul Farrelly) made the same key point that a lot of trusts bill one another within the health economy, so there is a risk that deficits are concealed for some time. It is very difficult to pin down what the deficits are, and sometimes people do not find out until the end of the year.

A lot of the problems were predicted, which is backed up by the evidence. I shall quote from "Early lessons from payment by results"—a report produced by the Audit Commission in October 2005 that one would expect the Minister to have read. It says:

> "There are valid concerns that the level of risk inherent in the current policy design, particularly given the pace of implementation and the size of the change is too great."

In other words, we may not be in meltdown now, but if we keep going in the same way, we are likely to be in meltdown.

In the current financial year, about £8 billion is dealt with by what is called payment by results, but it is actually a transactional fee, not a market-based system. So Woolwich hospital's underlying costs are higher, because it cannot pay its tax bill and because its PFI costs are so high, but from the health service's point of view, the hospital cannot be shut down, because those costs must still be paid—so chaos ensues. We have chaos at the centre.

We have had a triple whammy, whereby well-managed Peter is being robbed to pay badly managed Paul. Eastern Birmingham PCT, which covers my constituency, is very well managed—it controls things very effectively—but it has been hit by three things within six weeks of the start of the financial year. First, it has been hit by the phasing out of the purchaser protection adjustment, to which hon. Members alluded earlier. Secondly, it has been hit by top slicing. Although we do not know the final top-slicing figures, they vary nationally between 1.5 per cent. and the 3 per cent. figure that is often quoted. Some people argue that that at least gives them a bit of money to deal with the chaos created by Government policy. Thirdly, we do not know what the tariff will be.

There is an argument that, if anything should be top-sliced, it should be the tariff, because that is where the real danger lies. There is a good argument for a scheme whereby people aim for a 3.2 per cent increase for non-elective surgery, and if people go above that, transactionally, it is only 50 per cent. of the cost and if they go below it, transactionally, it is only 50 per cent. of the benefit. There is a substantially stronger argument that that figure should be reduced, because it is very clear that the current chaos—as I say, it is not meltdown, but it is likely to turn into meltdown—is caused by too rapid an implementation of the process. If the speed of implementation were reduced, we would have a chance of people managing. The hon. Member for Dartford (Dr. Stoate) made the point that we want to plan expenditure. With payment by results—or transactional payment—people cannot plan such things.

Let us take the situation that we are in. We have deficits all over the place and we are not quite sure what they are. We will go further down a route that will create more and more deficits. Suddenly, we decide that we will take the money off the PCTs. We are top slicing some of their money. We are removing the purchaser protection adjustment from many of them. We are not telling them what they have to spend in the next financial year, which starts in a couple of weeks. They do not know the cost.

What do we do if we want to create total chaos? We sack all the senior managers and tell them that they must re-apply for their jobs. That is really clever. For proper financial accounting, the deficit at the end of the financial year must be predicted. If accounting staff are told that they will not have a job if they predict a figure that is in deficit, of course no deficit will be predicted. Suddenly we find that PCTs have been merged and there are massive deficits all over the place, beyond the amount top-sliced by the PCTs. What do we do?

We encounter a further problem, which was raised by the Royal College of Nursing. If someone is made redundant, their redundancy pay must be included in the accounts for that year, which is why there is such a big rush to make people redundant. If cost savings have to be made all in one year, it is difficult to find savings, so more people are made redundant than need to be.

We are caught up in a horrible administrative mess. The Prime Minister said that every time he reformed something, he wished later that he had gone a bit further. When everything in the health service settles down, we will look back and think, "No, we did that a little too fast." There is far too much change. The well organised managers who can add up are reeling with the pace of change, and we get more and more change.

We should look for a couple of things from the Government. First, they should stop reorganising the primary care trusts. They will never get anywhere if they tell all the people who are responsible for dealing with the tight management that they are to be sacked and will have to re-apply for their jobs. That will create chaos. Secondly, the Government should review the rise from £8 billion to £22 billion. I know that they are constrained to do it for the foundation trusts but it is clear that the Audit Commission views that as causing a massive problem. Thirdly, the Government should listen to the points made by the RCN, especially about timing. If everything is done in one year, the result is total misery. We must remember that our concern is with the patients—the people who need that health care.

If there is no nurse or doctor to treat them, they do not get treatment. Action is needed from the Government to stop pushing us down that route.

9.17 pm

Hugh Bayley (City of York) (Lab): Selby and York faces the most severe primary care trust deficit in the north of England, and it is not a consequence of underfunding. This year the PCT will receive £307 million. Three years ago it received £199 million. That is an increase of £108 million a year, about £2 million a week, £300,000 a day extra for the NHS or about £470 a year extra for each person in the catchment area. The extra spending is being used to buy more treatment for more patients. It is saving lives and reducing waiting times for treatment.

The problem that the PCT faces is not underfunding, but poor management of the fastest growth in NHS spending in the history of the NHS. That view is shared by local clinicians—GPs have made similar comments to me—and by managers in the health service. Nationally, the deficit is projected at £800 million or roughly 1 per cent. of NHS spending. That, perhaps, is not a huge problem when the NHS budget is due to increase by some 6 per cent. above inflation this year.

But 1 per cent. is the average, and averages can be misleading. If my head is in the fire and my feet are in an ice bucket, my average temperature is probably fairly good, but that would not make me comfortable. In Selby and York we will be extremely uncomfortable because of the size of the deficit. The end of year deficit is about £24 million or about 8 per cent. of expenditure.

Despite the growth in this year's allocation, the PCT will need to cut £21.5 million if it is to break even in the forthcoming year. That will be painful. Already the PCT has cut the hours of the NHS walk-in centre in York and reduced the night-time GP cover between the hours of midnight and 8 am to just a single doctor for the 270,000 in the area. I am afraid that worse is to follow: the hospital will need to cut excess bed days—that is to say, to discharge patients earlier—and it may end up ending or limiting treatment for some non-life-threatening conditions. It could well be forced, as in Staffordshire, to make staff redundant, and GPs will need to change their referral rates if the deficit is to be brought into balance.

The real problem that we face in Selby and York is that under the Government's financial rules, the PCT does not need only to reduce expenditure in the forthcoming year by £21.5 million to bring its budget into balance. It will be required to make savings of about £45 million, first to break even, and secondly, to repay last year's £23.5 million overspend. If a £45 million cut were actually required to be made in Selby and York, the results would be catastrophic, as it would mean a cut of some 15 per cent. in expenditure. We could be left with little more than an emergency service.

I ask the Government to give Selby and York PCT some additional time to repay the accumulated deficit. I am not asking for a blank cheque. The Government need to know that the bad management that led to the overspend has ended. The Department of Health has put its turnaround manager into the PCT, and the PCT has already clawed back the deficit from a predicted end-of-year shortfall of £32 million to £23 million. My question to the Minister is: when the Department is satisfied that the PCT budget is back in balance, will it extend the time scale for clearing the accumulated deficit? If £45 million had to be saved in the forthcoming year, a postcode lottery would be created in our area compared to neighbouring areas. NHS treatments for patients in Selby and York would be based not on objective need, but on the PCT's ability to pay.

There is relatively little further time for this debate. I challenged the hon. Member for Beverley and Holderness (Mr. Stuart) to set out ideas for how his party would increase productivity for the national health service. I am afraid to say that he flannelled, but I have some specific proposals to make. First, much of the additional money for the NHS has been spent on increased remuneration for doctors and other health service staff. Much of it has been earned and is deserved, but as other hon. Members have made clear, the increase in pay has not been matched by an increase in activity or the number of treatments for patients. I recommend that the Government publish data drawn from the hospital episode statistics on the activity rates—the number of patients treated—of each consultant. Those rates vary enormously from consultant to consultant. The Government should change the consultant merit award system so that additional awards are tied to improved productivity, ensuring that it is the doctors who treat greater numbers of patients successfully who get the awards.

Secondly, spending on drugs has spiralled. Hitherto, under the pharmaceutical price regulation scheme, the Government have controlled pharmaceutical company profits, not prices. Given the very high price of some new drugs that are being introduced, however, I believe that the Government now need to control both. Herceptin, for instance, costs £21,500 per patient per year, and it is being provided on the NHS even though it is a drug that has not been licensed for general use among cancer patients. That will add £0.5 million to Selby and York PCT's costs in the forthcoming year—£0.5 million less for it to spend on other treatments, such as hip replacement, which is a proven treatment. I ask the Government to look at the question of price regulation as well as profit regulation for the pharmaceutical industry.

Thirdly, I believe that the National Institute for Health and Clinical Excellence should be asked to evaluate existing health technologies and not just new technologies. When it publishes guidelines, those guidelines should be followed. For instance, on hip replacement, it has recommended the general use of the Charnley prosthesis, which would save money and produce better outcomes if it were to become standard.

I agree with the hon. Member for Wyre Forest (Dr. Taylor) about two matters. First, once PCTs and trusts that are in the same difficult position as Selby and York have stabilised the overspend, they need time to pay back the accumulated deficit. Secondly, he is right to raise the issue of rationing, without which there could be a feast in parts of the NHS and a famine in others. During the second world war, we introduced rationing to ensure that everybody had access to their necessary diet. We must engage with the rationing debate, as people are doing in other countries. If we do not do so,

[Hugh Bayley]

we will face the problems of variable patterns of health expenditure and variable levels of health care across the country.

9.25 pm

Laura Moffatt (Crawley) (Lab): I promise faithfully to finish before 9.30 pm, Mr. Deputy Speaker, and I am deeply grateful for the opportunity briefly to participate in this debate. I am pleased to follow my hon. Friend the Member for City of York (Hugh Bayley), whose reasoned arguments about how deficits occur were in marked contrast to some of the contributions from Opposition Members—I began to lose the will to live given some of the nonsense that they came out with.

Most hon. Members have to spend time considering these issues. That certainly applies to me because the acute trust that covers my constituents, who desperately need care, has the mother and father of a deficit. I have attempted to work with the acute trust for many years to try and ensure that it delivers a good service for my constituents. I understand that we should concentrate on the issue of deficits, but the matter is about getting the best care for our constituents, and I have no doubt that poor financial management often goes hand in hand with poor clinical outcomes.

Surrey and Sussex Healthcare NHS Trust is at the last chance saloon, and we must get things straight so that it delivers health care properly. The turnaround team has been called in, a public interest report has been produced and we are beginning to know exactly where all the money went. Some hon. Members have said that deficits are caused by one or two issues, but that is just not true. In my area, for example, we have examined the use of agency staff. It is difficult for a trust to recruit when it is unattractive to staff, and we need to assist such trusts.

I have noticed what has not been at the top of the agenda in this debate, although hon. Members have rightly raised examples of trusts that have maintained financial order and have delivered an excellent service. In my area, Crawley PCT has provided a fantastic service under budget for the fourth year, and it has picked up all the community services that were so poorly developed in 1997—it has done an excellent job. The Sussex Partnership Trust looks after people with learning disabilities and mental health problems. I know that it is in a challenging financial position, but it is delivering a new hospital in my area. That is not top news in this debate, and all we have heard about are crises and disasters, but that is not the case, and I make that point as an MP who represents one of the areas with the greatest difficulties.

My PCT wants to ensure that the acute trust delivers, because it understands that its patients and those of the acute trust are the same people and that it must work with the acute trust to make sure that that happens. Getting that trust into order is our first priority, and I desperately hope that the debate will be very different for me this time next year.

9.29 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am glad to follow the hon. Member for Crawley (Laura Moffatt), who illustrates one of the reasons why things have gone so badly wrong—because prior to the 2001 election, she and the right hon. Member for Darlington (Mr. Milburn) got together to offset the possibility of hospital reconfiguration in the Royal Surrey hospital. I have been to that hospital; I talked to its chief executive last year. If she and the right hon. Gentleman had not intervened, it would have saved £10 million a year and it would have been possible for it to have survived financially, whereas at the moment it is in crisis mode.

Mr. Blunt: My hon. Friend will be interested to know that I have calculated that the cost of general elections in the constituency of Crawley is about £20 million.

Mr. Lansley: I am grateful to my hon. Friend.

Laura Moffatt *rose—*

Mr. Lansley: Perhaps the hon. Lady would like to explain, because she did not get much time to speak. If hospital services in Crawley disappear, it will be because at an earlier point she was more interested in saving her political skin than in the services provided by that hospital.

Laura Moffatt: I am deeply grateful to the hon. Gentleman for giving way, but not because I believe that I have anything to answer for—my constituents know very well what I was fighting for. I am intervening on his behalf because he is talking about the wrong hospital, which many of my constituents will find most amusing.

Mr. Lansley: I went to Crawley and to Reigate prior to the last election, and I have been to the East Surrey hospital. I remember the conversation exactly. The hon. Lady has to deal with the point that my hon. Friend the Member for Reigate (Mr. Blunt) made. Instead of making cheap shots, she might contemplate the expense that she has caused her constituents.

With one or two unhappy exceptions, it has been a good and important debate, and I congratulate the right hon. Member for Rother Valley (Mr. Barron) on securing it. It comes at precisely the right moment. That was reflected not least in the contributions by Government Back Benchers, who displayed an attitude that was not present, by and large, in mid-November, when we initiated a debate in our own time on deficits. We said then that we believed that £1 billion of gross deficits and several hundred million pounds of net deficits were in prospect this year. The Secretary of State came to that debate and said, in effect, that recovery plans were in place and that it was going to better this year than last year.

Frankly, the Government have been, and remain, in denial. On 6 December, in front of the Health Committee, the Secretary of State said:

"We believe that by managing this very closely we will get the net overall deficit back to around £250 million at the end of this year and we will, at the very least, get back to balance by the end of next year."

One has to wonder what world she was living in at that point, as at about the same time she admitted that the net deficit was rising to £620 million. We now know, although the Government still will not admit it, that

subsequent forecasts by strategic health authorities add up to some £755 million. There are some very serious deficits in several trusts, but there are also deficits across a much larger number of trusts. Our latest estimate from board papers suggests that more than 139 trusts are experiencing deficits. It is a system-wide problem.

The right hon. Member for Rother Valley was right to say that we know what the NHS spends, but we do not know what it costs. The system has to be open and transparent. He has not heard from me, and he will not hear from me, the idea that we should go back to the bad old days of everybody covering everything up. However, he should talk to his Front-Bench colleagues who, far from pursuing a direction of openness and reform, are, through the proposal that primary care trusts should top-slice allocations, moving in precisely the opposite direction. Contrary to shifting the balance of power, they are taking control of the budgets. The Government will renationalise much of the growth money, which will then be spread around the system to try to obscure the financial consequences of necessary reform.

The hon. Member for Birmingham, Yardley (John Hemming) understands such matters, but reached the wrong conclusion about what is required. It is necessary not to delay the structure of reform, but to complete it consistently. One of the central problems is not too many changes at once—if they were all mutually reinforcing because a clear strategy existed, managers and others in the NHS would understand and accept them. However, they find constant, mutually inconsistent changes impossible to tackle. For example, how is it possible for the chief executive of the NHS to say one thing about the future structure of PCTs and their functions—that they are commissioning, not provider bodies—at the end of July, yet, two months later, they become provider bodies again? The same is happening to allocations. Contrary actions will not deliver successful reform.

I have every sympathy for the position of the hon. Member for City of York (Hugh Bayley), which requires reform. I suspect that he believes in the structure of reform and that we need devolved decision making and the provider trusts to be held to account for their productivity. The consultants' contract did not achieve that. Simon Stevens, who was special adviser at No. 10 at the time, subsequently admitted that the contracts were negotiated without building in productivity. Provider trusts, like foundation hospitals, should have the freedom to manage their costs more effectively. The Government's imposing of costs lies at the heart of much of the problem.

There is a 7 per cent. increase in costs on the tariff this year compared with last year. Is it any wonder that the hospitals that receive increases in cash resources find that most of it goes straight out of the door? The tariff takes no account of the impact of the working time directive. The 7 per cent. includes nothing for the costs of implementing the NHS programme for IT, as if hospitals paid nothing for that. It also contains nothing directly for implementing waiting time targets.

I have asked Ministers which part of the tariff for next year reflects the Government's proposal to move towards 18-week waiting times. I am sure that the Minister has included something in her speech about that. However, I have also received replies to questions that show that, next year, the Government estimate that the move will cost £1 billion, yet that is not included in the tariff. Where, therefore, will those costs be met?

We heard conflicting and contrasting speeches about the circumstances at the University hospital of North Staffordshire. I shall not comment on that except to say that a central question for the hon. Members for Newcastle-under-Lyme (Paul Farrelly) and for Staffordshire, Moorlands (Charlotte Atkins) is how the University hospital of North Staffordshire can possibly afford rebuilding. That can happen through only two means. Either the tariff—the payment by results—adjusts in future to reflect the costs of building new hospitals and providing new services, or hospitals cut back their activities so dramatically that they are deemed affordable by the Government and Monitor. Clearly, the University hospital of North Staffordshire is moving in the latter direction. It must do that because the Government are telling us nothing about the former possibility.

The operating rule book for 2006–07 was published at the end of January and it stated that the Government would shortly publish new affordability criteria for PFI projects. That has not happened, just as we do not know what will happen to the tariff after the end of this year. We discussed the possibility of marginal pricing Upstairs in Committee. Time and again, I said that, if the NHS has capacity and primary care trusts have patients who need treating but constrained budgets, one might at least allow for the possibility that they could reach agreement between themselves about marginal pricing of additional capacity towards the end of the year for treating those patients.

The hon. Member for Dartford (Dr. Stoate) appears to consider it reasonable that Darent Valley hospital should spend 10 months treating patients over trade and then stop. That is not a sensible approach.

Dr. Stoate: Will the hon. Gentleman give way?

Mr. Lansley: No, I do not have much time. Also, in the course of his 10 minutes, the hon. Gentleman used as many words as most people would use in 20.

I want the Minister to accept reality. Up to now, the Government have refused to respond to freedom of information requests for the month nine and month 10 forecasts of the strategic health authorities. Will the Minister tell us what their forecast estimate is? Will she also be clear about how the SHAs can possibly move from their present position to system balance within the next year, in the light of the way in which resource accounting works? The present structure dictates that if an organisation consumes its resources in the first year of a three-year public expenditure round, it has consumed in advance the resources that would otherwise have been available to it for the following year. That is understandable in theory, but it is going to be disastrous in practice.

The Government are going to cover many of the deficits. Let us face it, they have increased their departmental expenditure limit by £112 million for this purpose. They will also add about £116 million by underspending on their central programmes. Procurement on the connecting for health programme is slow, which gives them another £200 million, and the

[Mr. Lansley]

end-year flexibility will give them another £200 million. They were lucky last year, in that a gross error in the calculations of the NHS litigation authority meant that they had hundreds of millions to spare. That is not going to happen this year; the contingent liabilities on that are going up. The Government can cover deficits in regard to the departmental expenditure limit this year—the question is, will they, and what will they do next year to help trusts to achieve these ends?

There is a better way forward. It would mean that demand management could not be achieved by manipulating the tariff and that it would have to be achieved by giving genuine budget control to general practitioners through the reintroduction of GP fundholding in a form that allowed the care of patients in the community to be managed by those who have a responsibility both for the clinical care of their patients and for the budgetary consequences of that. This would require genuine freedoms. I suspect that, at the end of the year, we will find that—contrary to the prediction of the Royal College of Nursing—foundation trusts will deliver a far better outcome than other NHS trusts in terms of finances. This is a condemnation of the performance management system in the Department of Health.

We do not want to see primary care trusts top-slicing, a return to cash brokerage—which is in fact happening—or short-term measures that are to the long-term detriment of the NHS, including the closure of intermediate care beds in community hospitals and the sacking of staff. A year ago, the staff were the heroes—the Government were cheering as they headed towards their waiting time targets, but now, in too many places, they are going to suffer the consequences of the Government saying, "Balance your books, and don't worry about the waiting time targets."

That is completely contrary to what the then Health Minister, the right hon. Member for Barrow and Furness (Mr. Hutton), was telling the House almost exactly a year ago. He said that people were always forecasting deficits at this time of year, but that things always turned out all right in the end. Either that showed a lamentable failure to understand what was going on—which has continued for months—or he was simply focusing on the general election and the waiting time targets, and to hell with the financial consequences after the year end. I do not know which it was, to be honest, but this must not happen again.

Given the present resource constraints—astonishing, despite the 9.6 per cent. cash increase—the Government cannot carry on trying to achieve waiting time targets while loading costs, pressures and change on to the NHS in the way that they are now doing. At the moment, the tariff for next year promises a 6.5 per cent. increase in costs. Hospitals are being told that they will receive a 1.5 per cent. increase in tariff. The squeeze on hospitals will be dramatic.

The Government say that everything is to be looked after in the community. Well, Labour Members might like to have a look at the Department of Health's annual report. The number of health visitors went down between 1998 and 2003, and the number of district nurses also went down during that period. The resources in the community are simply not there, and until they are there cutting back the hospitals will be dangerous for patients. It would be far better for the Government to be realistic about this, to give GPs the opportunity to manage their budgets on behalf of the patients, and to give the professionals throughout the whole of the NHS the freedom to deliver services for patients, and the budgets to do the job.

9.44 pm

The Minister of State, Department of Health (Jane Kennedy): I join hon. Members in complimenting my right hon. Friend the Member for Rother Valley (Mr. Barron) on securing this debate, which has had some thoughtful contributions. I appreciate his great experience as a former shadow health spokesman, and well remember working with him in opposition when the health service was very different from the one we know now.

Back-Bench scrutiny of the searching variety that we have heard today is the most testing of Ministers and deserves the most thoughtful response. I will try to give that. I wish to cover three main areas. I cannot guarantee that the whole of my response will be completely thoughtful—one or two contributions merited something less—but I will try.

The hon. Member for South Cambridgeshire (Mr. Lansley) had an interesting column in last week's *Health Service Journal*, which I commend to the House. The title was, "Stop focusing on the size of the deficit and start looking forward to creating a stronger financial framework". I echo that. I will not quote him selectively, because he is also critical, and we need to consider some of the criticism. He says:

"Payment by Results is essential".

He continues:

"Accumulated deficits cannot be written off",

as that would send the wrong signals. He then goes on to criticise what he describes as "top-slicing". I will come to that in a moment.

My right hon. Friend the Member for Rother Valley rightly pointed out that the NHS budget has doubled since 1997 and will have almost trebled by 2008 to more than £92 billion. It is right that we examine where the extra resources have gone and the way in which those resources are being used. The extra resources have helped to deliver a transformation of health services. It is important that the House does not lose sight of that. My hon. Friends the Members for West Bromwich, West (Mr. Bailey), for Dartford (Dr. Stoate), for City of York (Hugh Bayley) and for Crawley (Laura Moffatt) recognise that, as do a number of others.

It would take too much time to record all the improvements that we have seen. In 1997, however, it is fair to say that almost 300,000 people were waiting more than 15 months for their operations. Now, no one waits more than six months, and the average is about eight weeks.

Mr Peter Bone (Wellingborough) (Con) *rose—*

Jane Kennedy: The hon. Gentleman has not been in for the debate, and I would ask hon. Members to allow me to reply to the many points that have been made.

I take on board the comments of my hon. Friend the Member for Dartford about accident and emergency targets and I agree with what he said about follow-up

appointments. On the point raised by my hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins), ambulances are reaching more patients more quickly than ever before, and not just in Staffordshire. She has repeatedly said how important the structure of the ambulance service is in Staffordshire. Ambulance services are extending the range of care that they provide to transform patients' experience and improve efficiency.

Notwithstanding the comments of the hon. Member for Wyre Forest (Dr. Taylor), we have begun to improve the lives of 17 million patients suffering from long-term conditions such as diabetes, mental health problems and coronary heart disease. Those improvements have been enabled by innovation and new treatment methods, but have largely been delivered in the community through improvements to general practice and general practitioners' services. It is true that we have thousands of extra clinicians throughout the country, old buildings are being replaced with new hospitals or surgeries, and new ambulance stations, ambulances and equipment are being provided. We are upgrading the NHS's IT systems with the largest civilian IT project in the world.

The increased spending will be backed up by key reforms—payment by results, new work force contracts, PCT commissioning, foundation trusts, independent inspection and regulation and an efficiency plan to deliver better value for money. In addition, we have made significant investments in pay reform for NHS staff. The hon. Member for Mid-Sussex (Mr. Soames) raised the issue of costs. I do not apologise for addressing the scandal of low pay in the health service.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Will the Minister give way?

Jane Kennedy: Perhaps the right hon. Gentleman will allow me to continue. I beg his pardon, but I did not see him during the debate—[HON. MEMBERS: "He was here."] I am sorry. I will give way.

Mr. Lilley: I am extremely grateful.

The Minister has not mentioned deficits so far. I asked the Library about the cause of the deficits and was told that 21 per cent. of the increased expenditure last year went on pensions. I was also told that, according to the British Medical Association, consultants' pensions would rise by 24 per cent. and GPs' pensions by 56 per cent. because of the new contracts. Is that a wise and fair use of money when the Government are refusing to do anything about the pensions of those who have been misled and awarded them by the ombudsman?

Jane Kennedy: I believe that it is an appropriate way of proceeding with pay reform. We negotiated the arrangements on the clear understanding that the investment was in return for reform. The new contracts for NHS staff are designed to support service improvement, to deliver real benefits for patients and the service and to improve the working lives of NHS staff. The issue was raised by the hon. Members for Mid-Sussex, for Beverley and Holderness (Mr. Stuart) and for Southend, West (Mr. Amess). I will look into the matters raised by the hon. Member for Southend, West about his local hospital and its application for foundation trust status and write to him if he will allow me to do so.

Mr. Lansley: What about the tariff?

Jane Kennedy: I shall come to that in a moment.

Most NHS organisations are delivering high-quality patient services and balancing the books. The hon. Member for Southport (Dr. Pugh) mentioned Castro and Mao Tse Tung in one breath, which impressed no Labour Members, or at least very few, but he also said that it was very difficult to manage a demand-led service. That is a typical comment from a Liberal Democrat: the Liberal Democrats find it very hard to make decisions that might prove difficult to handle and unpopular locally. I can tell him that the NHS does manage a demand-led service in large part, and does it very well.

Martin Horwood: Will the Minister give way?

Jane Kennedy: If the hon. Gentleman will allow me, I want to deal with the deficit. While it is small in relation to total expenditure, it is unacceptable and must be eliminated. The majority of the NHS is living within its means and delivering on target, but there is much more that some parts of it can do to eliminate inefficiencies and improve productivity.

Let us take the example of University Hospital of North Staffordshire NHS Trust. In 1997, the trust had just under 3,900 staff. In September 2004, there were slightly more than 5,100. The number increased by 1,232, more than a third. I have observed statements from North Staffordshire with some concern, but let me tell my hon. Friends the Member for Newcastle-under-Lyme (Paul Farrelly) and for Staffordshire, Moorlands (Charlotte Atkins) what the trust is saying. It has benchmarked its work force costs against those of similar trusts and they were the highest for all staff groups except nursing staff, for whom they were the second highest. It will aim to reduce its work force costs towards the average for similar trusts.

I realise that the issue of 1,000 redundancy notices is cause for concern and I appreciate the impact on morale. Nevertheless, I think that the steps that the trust is taking to restore its financial balance are worthy of support, especially where they will not worsen patient services and may even improve them in the long run. Certainly that is the intention.

I am conscious of how quickly time passes. Our aim is to restore financial balance in the NHS by the end of 2006–07, and we have introduced a series of measures to achieve that. Achieving financial balance is not a book-keeping exercise; it is essential to the delivery of sustainable improvement in the future. As well as providing additional investment, we have increased the transparency of financial reporting so that financial problems are exposed and we can deal with them. It is true that we have brought this about by shining a light on deficits. Let me be clear about why we have introduced payment by results. It is a fair and transparent system for paying hospitals for the work that they do. We are putting record funding into the NHS and we want to see results. The experience of other countries that operate systems such as payment by results is that they can help to increase activity.

My right hon. Friend the Member for Rother Valley questioned us about the tariff. He said that it is only as good as the data and that reference costs are not detailed

[Jane Kennedy]

enough. A lot of what he said I agree with and I welcome his comments; sight of the letter that he mentioned would be useful to us. We are keen to continue to learn lessons and to improve current systems. As they stand, the reference costs provide reasonable data for the purpose for which they were designed—getting average costs—but they are not sensitive enough to derive patient-level data and could be improved in that respect. That is why we have to make adjustments for specialist top-ups, for example.

We have made some changes to the structure of the tariff to ensure that, for example, we manage the risk of growth in non-elective activity. As the House knows, the tariff was published on 31 January but withdrawn on 22 February because there were some material errors that meant that many prices were wrong. We have now made the necessary corrections, which have been road-tested by the NHS and other stakeholders. The corrected tariff was published on Friday 17 March and is now being used by NHS organisations to refine their plans for 2006–07. A review of the tariff-setting process has been commissioned by Sir Ian Carruthers, so that we can learn lessons for the future. I regret the fact that mistakes were made, but we believe that this was an operational problem and that we have fixed it. The review will tell us more.

Mr. Graham Stuart: Will the Minister give way?

Jane Kennedy: I certainly will not give way to the hon. Gentleman. [HON. MEMBERS: "Ooh."] Well, he made what I consider a most sarcastic contribution and made a number of interventions, so if the House will allow me, I will move on.

We are establishing the right culture for financial balance. We are changing the incentives associated with the performance-rating system, so that those hospitals and PCTs that are failing to meet their financial duties are identified in performance reviews. We are also designing a major drive to improve NHS productivity and efficiency. For example, we know that cutting unnecessary emergency admissions—an issue mentioned by several Labour Members—could help the NHS to save more than £400 million a year through better assessment processes and improved patient care in primary and community settings.

In the minority of organisations where there are significant overspends, we are taking action now to identify and correct the financial problems. I anticipate that this work will continue for at least 18 months, and it will be driven from the centre. At the same time, it will aim to build turnaround experience within the NHS to reduce reliance on external support. In some of these organisations, the overspend is large and it may take more than one year—I hope that my hon. Friends hear what I am saying—to return to financial balance. In these cases, we expect the new strategic health authorities to take the lead in developing and implementing a financial strategy for managing the situation in their locality. This will include creating local reserves to deal with local problems. The size of the reserves and the contribution from each PCT will vary according to local circumstances, but the underlying principle will be fairness.

The House will want to know that we expect SHAs to repay any contributions to reserves over time.

Martin Horwood: Will the Minister give way?

Jane Kennedy: If the hon. Gentleman will forgive me, I will not as I have only one minute left. We expect SHAs to have full regard to the financial and service position of each organisation in determining how reserves are generated and applied. However, some SHAs may not be able to deliver a financially balanced position next year without unacceptable service consequences—a point made by a number of my hon. Friends. Where that is so, we will incentivise others to deliver a surplus to cover the situation. The money will not be moved and underspending SHAs will retain the resources for spend in future years, but the system as a whole will balance.

There is no trade-off between meeting standards in service and financial rigour. Excellent patient care and financial control are usually associated with each other. They go hand in hand.

It being Ten o'clock, MR. DEPUTY SPEAKER *proceeded to put forthwith the Questions relating to Estimates which he was directed to put at that hour, pursuant to Standing Order No. 54(4) and (5) (Consideration of estimates) and Order [9 March].*

MINISTRY OF DEFENCE

Resolved,

That, for the year ending with 31st March 2006, for expenditure by the Ministry of Defence—

(1) further resources, not exceeding £1,776,067,000, be authorised for use as set out in HC 827,

(2) a further sum, not exceeding £1,889,814,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.

DEPARTMENT OF HEALTH

Resolved,

That, for the year ending with 31st March 2006, for expenditure by the Department of Health—

(1) further resources, not exceeding £1,785,769,000, be authorised for use as set out in HC 827,

(2) a further sum, not exceeding £2,364,998,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.

It being after Ten o'clock, MR. DEPUTY SPEAKER *proceeded to put forthwith the Questions relating to Estimates which he was directed to put at that hour, pursuant to Standing Order No. 55(1) and (3) (Questions on voting of estimates, &c.) and Order [9 March].*

ESTIMATES, 2006–07 (NAVY) VOTE A

Resolved,

That, during the year ending with 31st March 2007, a number not exceeding 42,050 all ranks be maintained for Naval Service and that numbers in the Reserve Naval and Marine Forces be authorised for the purposes of Parts 1, 3, 4 and 5 of the Reserve Forces Act 1996 up to the maximum numbers set out in HC 869 of this Session.

ESTIMATES, 2006–07 (ARMY) VOTE A

Resolved,

That, during the year ending with 31st March 2007, a number not exceeding 126,945 all ranks be maintained for Army Service and that numbers in the Reserve Land Forces be authorised for the purposes of Parts 1, 3, 4 and 5 of the Reserve Forces Act 1996 up to the maximum numbers set out in HC 869 of this Session.

ESTIMATES, 2006–07 (AIR) VOTE A

Resolved,

That, during the year ending with 31st March 2007, a number not exceeding 52,110 all ranks be maintained for Air Force Service and that numbers in the Reserve Air Forces be authorised for the purposes of Parts 1, 3, 4 and 5 of the Reserve Forces Act 1996 up to the maximum numbers set out in HC 869 of this Session.

ESTIMATES, EXCESSES, 2004–05

Resolved,

That for the year that ended with 31st March 2005, resources, not exceeding £188,157,000.00, be authorised for use to make good excesses of certain resources for defence and civil services as set out in HC 896.

SUPPLEMENTARY ESTIMATES, 2005–06

Resolved,

That, for the year ending with 31st March 2006—

(1) further resources, not exceeding £6,385,504,000, be authorised for defence and civil services as set out in HC 827, HC 908 and HC 972,

(2) a further sum, not exceeding £3,382,915,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs of defence and civil services as so set out; and

(3) limits as set out in HC 827 and HC 972 be set on appropriations in aid.

Ordered,

That a Bill be brought in upon the foregoing Resolutions relating to Supplementary Estimates, 2005–06, and Excesses, 2004–05, and the Resolution of 8th December relating to Supplementary Estimates, 2005–06: And that the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Mr. Des Browne, John Healey, Dawn Primarolo and Mr. Ivan Lewis do prepare and bring it in.

CONSOLIDATED FUND (APPROPRIATION) (NO. 2) BILL

John Healey accordingly presented a Bill to authorise the use of resources for the service of the years ending with 31st March 2005 and 31st March 2006 and to apply certain sums out of the Consolidated Fund to the service of the year ending with 31st March 2006; and to appropriate the supply authorised in this Session of Parliament for the service of the year ending with 31st March 2005 and the further supply authorised in this session of Parliament for the service of the year ending with 31st March 2006. And the same was read the first time; and ordered to be printed [Bill 149].

CONSOLIDATED FUND (APPROPRIATION) (NO. 2) BILL

Order for Second Reading read.

Question, That the Bill be now read a Second time, *put forthwith, pursuant to Standing Order No. 56 (Consolidated Fund Bills) and Order [9 March], and agreed to.*

Bill accordingly read a Second time.

Question, That the Bill be now read the Third time, *put and agreed to.*

Bill accordingly read the Third time, and passed.

DELEGATED LEGISLATION

Ordered,

That the Hill Farm Allowance Regulations 2006 (S.I., 2006, No. 225), dated 6th February 2006 and the Bee Diseases and Pest Control (England) Order 2006 (S.I., 2006, No. 342), dated 15th February 2006, be referred to Standing Committees on Delegated Legislation.—*[Tony Cunningham.]*

PETITIONS

Grizedale Forest

10.2 pm

Tim Farron (Westmorland and Lonsdale) (LD): I am presenting a petition on behalf of the friends of Grizedale forest. The petition

Declares that the Forestry Commission has submitted plans to redevelop the Grizedale Visitor Centre. The Forestry Commission has stated that this will increase the number of visitors from 250,000 a year to 300,000. The Friends of Grizedale Forest object to this development on the following grounds:

1. The projected 50,000 or so extra visitors and traffic entering the valley via the class C road system;

2. The unsympathetic architectural design of the proposed development;

3. The environmental concerns for the whole area.

The Petitioners therefore request that the House of Commons urge the Secretary of State for Environment, Food and Rural Affairs to make representations to the Forestry Commission for the plans to be withdrawn.

And the Petitioners remain, etc.

To lie upon the Table.

Bassetlaw Primary Care Trust

10.3 pm

John Mann (Bassetlaw) (Lab): In addition to the many submissions to the current Trent strategic health authority and South Yorkshire strategic health authority consultations, 8,796 Bassetlaw residents do publicly petition

To the Honourable the Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament assembled.

The Humble Petition of residents of Bassetlaw,

Sheweth

That merging the Bassetlaw Primary Care Trust ... into a Nottinghamshire-wide Trust would be detrimental to the excellent NHS services currently enjoyed by the people of Bassetlaw.

Wherefore your Petitioners pray that your honourable House shall urge the Department of Health to consider the views of the people of Bassetlaw and their support for retaining a direct geographical link between Bassetlaw PCT and Doncaster and Bassetlaw Hospitals Trust, which runs Bassetlaw and Retford Hospitals.

To lie upon the Table.

Health Services (West Midlands)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Dhanda.]*

10.4 pm

Mark Pritchard (The Wrekin) (Con): I am grateful for the opportunity to discuss health services in the west midlands and, not least, health services and the health crisis in Shropshire. As the House will know, the Shropshire health economy has been debated many times. Indeed, the Minister herself has replied to questions that have been put before the House on other occasions.

It is unfortunate that despite the fact that we have wonderful nurses, doctors and health workers throughout the whole of the Shropshire health economy, we now have a deficit of more than £50 million, which is made up of the deficits in Shropshire County primary care trust, Telford and Wrekin primary care trust and the Shrewsbury and Telford Hospital NHS Trust. The deficit will clearly have an impact on front-line patient care.

We were told in the previous debate that such deficits would not have an impact on patient care, but it is inevitable that they will. Indeed, that is not just my opinion but that of professionals. I meet nurses and doctors all the time. We recently had a successful march in Shropshire, which was called the march for life, and tried to draw attention to the funding crisis in Shropshire. Many nursing professionals and doctors on the march told me that it would be impossible to find the money through efficiency savings alone. The Minister is an honourable lady, and we get on extremely well together. I hope that she will go back to the Secretary of State after the debate and tell her that Shropshire faces a serious problem.

We heard in the previous debate on health that the situation is often the fault of chief executives. We have had our share of problems with chief executives and chairmen of the hospital trust. Ultimately, however, it is the Secretary of State for Health who approves and appoints the chief executives of trusts, and appoints and agrees to the chairmen of hospital trusts, so the buck must stop with the Secretary of State. That is an important point, because if we accept it the principle of not putting urgent cash injections into trusts can be overcome.

People in Shropshire say to me, "We've paid the taxes, so we expect the health services." The Prime Minister stands at the Dispatch Box week after week and says, "We've put billions of pounds more into the health service," yet people in Shropshire are being asked to have less of a health service for more taxes. Clearly there is a moral point as well as a political one, because the situation is unfair and completely unjustified. An urgent cash injection for the Shropshire health economy is justified if the Secretary of State approved the senior managers whom she then blames for the funding deficit that we face. Additionally, the Government increased national insurance contributions by more than 12 per cent. That has clearly had an impact on the payrolls of all the trusts that I have mentioned, which has had a knock-on effect on patient services, too.

We heard today that the University Hospital of North Staffordshire NHS Trust is laying off 1,000 people, many of whom will be nurses and doctors. That will also have an impact on the Shropshire health economy. Many of my constituents journey across the border for treatment. Those who require brain surgery are dealt with in Staffordshire, as are people who require thoracic surgery and complex spinal surgery that cannot be dealt with in Oswestry; there are fine people in that unit. The situation will thus have an impact on my constituents.

It is of grave concern when the Minister of State, Department of Health, the right hon. Member for Liverpool, Wavertree (Jane Kennedy) admits to a measure of concern about such issues. There is much concern about those issues and it is deeply concerning that everything I have heard from the Government side of the Chamber today—apart from the speech by the hon. Member for Newcastle-under-Lyme (Paul Farrelly), which was thoughtful and brave—has been marked by denial and complacency. No Government, of whatever political persuasion, or however good they are at communication, public relations and marketing, can spin their way out of people's own personal experiences.

When people come to my surgery, they tell me of the experiences that they have had at the local hospital. Many of them join me in praising the professionalism of the staff, both on the front line and in the back office, the porters and those working on the switchboard. Nobody underestimates the professionalism and commitment of hospital staff, but people are concerned when they are turned away after they have gone in for surgery. We know that the Minister said earlier that nobody waits longer than six months for an operation, but the NHS website—a Government website—today states that the figure has doubled. So I am puzzled by her remarks.

It is not only acute services that will be affected. I am very concerned that the accident and emergency unit at the Princess Royal hospital in my constituency will be cut. It is no good just putting an accident and emergency sign over the door and saying that the hospital has an accident and emergency department. It needs to be fully functioning, and my constituents are concerned that we will lose the doctor-led unit and end up with a nurse-led unit. The nurses do a wonderful job, and paramedics are getting more and more training—they too do a marvellous job—but they cannot replace the expertise and experience of surgeons on site to deal with emergency admissions.

I know that the Minister has visited Shropshire before, and she has kindly accepted a new invitation to come to the hospital in my constituency in the near future. Shropshire is one of the largest inland counties in England, so however quickly and ably ambulance drivers drive, time costs lives, whether from cardiac arrests, aneurysms or severe asthma attacks. I hope that the Minister will give me an assurance this evening that the accident and emergency department at the Princess Royal hospital will remain fully functioning.

The accident and emergency unit has important links to the paediatric services at the hospital. East Shropshire, including Telford and the Wrekin area, is the part of Shropshire with a younger population, so I hope that the Minister will give an undertaking that the children's services will not be affected.

I wish to widen the debate to primary care services, because I am concerned about the knock-on effects on the provision of drugs, especially for the treatment of Alzheimer's disease. Many constituents tell me that they need my help to obtain Alzheimer's drugs for their grandparents or parents. It is a growing issue, and PCTs have reduced funding for it as they face other financial pressures. The same issue applies to anti-TNF drugs, and I hope that the Minister will give a commitment this evening to meet women representing Herceptin 4 Shropshire Now. She will be aware of the group, which represents women who are desperate to receive the drug to prolong their lives and make them more comfortable as they face breast cancer.

Mr. Andrew Lansley (South Cambridgeshire) (Con) *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. It is not the convention for Front Benchers to intervene in an Adjournment debate.

Mark Pritchard: My hon. Friend mentioned his intention to me before the debate, and I would have been happy to give way to him. However, I accept your ruling, Mr. Deputy Speaker, and I will move on.

The other primary care issue that I wish to raise is that of mental health services. So often, people suffering from mental health problems are pushed to the back of the queue and the bottom of the pile. My concern is that the pressures on the local primary care trusts in Shropshire mean that many people facing mental health problems are not being treated, and I hope that the Minister will address that issue as well.

I want to touch on neonatal services too. The Minister is aware that there is a fairly new maternity unit at the Princess Royal hospital—nice clean beds, nice paint on the walls and so on—but there is no expertise for dealing with mothers and babies who have complications. If a mother gives birth at the unit and there is a complication, she and her baby have to go at high speed, with blue lights flashing, to Shrewsbury to save her life or the baby's life. Given the demographics of Shropshire, unless that issue is addressed, inevitably—but God forbid—a mother and/or child will, unfortunately, lose their lives.

I have raised serious issues, and we are in serious times, so I hope that as the Government appointed the previous chairman and a series of chief executives they will take responsibility, accept that the buck stops with them and reconsider funding in Shropshire. The problem is not just the financial mismanagement of the previous trust; it relates to historical per capita underfunding for Shropshire patients—my constituents—over many years, going back to 1997–98. That is the key issue, and it should be addressed urgently.

10.16 pm

The Minister of State, Department of Health (Ms Rosie Winterton): I congratulate the hon. Member for The Wrekin (Mark Pritchard) on securing the debate. As he said, it is one of a number of debates, in which he has taken part, reflecting the situation in his constituency. Obviously, I, too, have participated in those debates, answering for the Government. The hon. Gentleman and my hon. Friend the Member for Telford (David Wright) have invited me to visit their area and I understand that arrangements are being made. I am looking forward to the visit.

The hon. Member for The Wrekin raised several concerns to which I shall respond, but it is important to remember some of the improvements that have been made to health services in his area. He referred to national insurance contributions, and I remind him that although the Conservatives voted against increased NICs, NICs have actually massively increased investment in the national health service: from £33 billion in 1997 to about £92 billion by 2008. That investment has led to improvements in his area, which I hope that he will recognise.

In 1998, 91 patients waited more than 12 months for in-patient treatment, and 339 patients waited between nine and 11 months, at the Royal Shrewsbury Hospital NHS Trust and the Princess Royal Hospital NHS Trust, which were merged in October 2003. Now, no English patients wait more than six months for treatment at English trusts in Shropshire.

Out-patient waiting times have been reduced. Nobody waits more than 13 weeks for an out-patient appointment in Telford and Wrekin PCT. A total of 100 per cent. of urgent referrals for suspected cancer are seen by a specialist within two weeks, and 100 per cent. of patients who want to do so can see a general practitioner within two working days, or a primary care professional within one working day. Mortality rates for heart disease and cancer have been cut dramatically in the area.

Like the hon. Gentleman, I pay tribute to local staff for their extremely hard work and commitment in helping to make those improvements, but they would not have happened without the extra investment that has been made.

That is not to say that there are no challenges in the area. I shall set out the background to the current position. In October 2003, two trusts merged to form the new Shrewsbury and Telford Hospital NHS Trust. At that time, their combined deficit was approximately £4 million, but by the end of the financial year the deficit had increased to £7 million. In 2004–05, Shropshire and Staffordshire strategic health authority agreed to provide the trust with brokerage of £2 million, on the condition that the trust broke even in that year. Throughout the year, the trust sent returns to the SHA, which was closely examining how the deficit was being handled, but at the end of the year the trust changed its forecast to a £3 million deficit. Then, extremely unfortunately, as the hon. Gentleman said, the external auditors found that, in fact, the trust had run up a £10 million deficit, so at that time the trust had a total deficit of £19 million.

As the hon. Gentleman knows, there was an independent inquiry into the financial management and governance at the trust, which was extremely critical of the former chair, the chief executive and director of finance, all of whom had resigned in the meantime. A new management team is now in place, and I know that the hon. Gentleman thinks highly of them.

Mark Pritchard: I do admire the new senior management team, but does the Minister agree that if the team is to continue to have the support of the local Member of Parliament and of the public, it needs to be transparent and open in its dealings, and that it is not helpful when it sends out mixed messages about the future of the accident and emergency ward?

Ms Winterton: I shall deal with the question of A and E services, but I have looked at the consultation that has taken place and I think that the management have been quite open.

As I said, the trust is forecasting a further deficit of more than £10 million in the current year. The situation is serious and it must be addressed. I believe that we are seeing the whole local health community come together to work out, in consultation with the local community—which has an important part to play—how to manage the situation for the best. Decisions have to be made and acted upon, and I believe that the process being undertaken now is leading in that direction.

The review now being conducted takes in the whole of Shropshire and is considering what can be done to achieve clinical improvements and financially sustainable health services throughout the area. The local NHS commissioned Finnamore Management Consultants to examine a range of options and in November and December last year, a pre-consultation was held involving key stakeholders. The hon. Gentleman pointed out the level of local awareness, which shows that there has been a considerable amount of consultation. What is being considered now is how to assemble a strategic service plan involving all four NHS organisations in the area, with the two PCTs taking the lead on consultation.

Turning to the future of the accident and emergency service at the Princess Royal hospital, it is difficult to comment on the proposals, because it may fall to the Secretary of State to make decisions on them at a future date. I can only repeat the answer that I have previously given to the hon. Gentleman—the trust's new chief executive has made it clear that he would like accident and emergency departments to be provided at both hospitals. I can confirm that the "hot and cold" site option, in which one hospital would deal with emergencies and the other with routine scheduled operations, has been dropped following advice from the joint overview and scrutiny committee, and it will not be submitted for consultation.

Mark Pritchard: Can the Minister rule out the option that the accident and emergency ward at the Princess Royal hospital will change from a doctor-led unit to a nurse-led unit?

Ms Winterton: It is not possible to rule in or rule out a proposal that may be made later. However, I can repeat the chief executive's view for the hon. Gentleman. The "hot and cold" site option was floated, but it has been dropped.

The hon. Gentleman spoke about paediatrics, mental health and neonatal services. Difficult decisions have to be made about service delivery, and we must look at what is most clinically appropriate in different areas. Specialist centres are important, and they are sometimes the best way of delivering care. The issues should be discussed openly, and the options thoroughly considered. It would not be right to make a decision here and now, because it is for clinicians, managers and local people to look at the available options, but they should always remember that what is important is patient safety. The highest-quality services should be provided on the advice of clinicians and others.

Surveys show that only 11 of a total of 84 trusts have considered making small cuts in mental health services. I am not sure whether the hon. Gentleman's trust is one of those considering that option, and I am happy to write to him with further details. As I have said, the 11 trusts were going to spend £893 million, of which £16 million has been earmarked for service reductions. It is, however, a small percentage of the overall amount spent on mental health.

Mark Pritchard: The Minister has been very generous in giving way. She will be glad to know that this is the last time that I shall seek to intervene.

We are still waiting for the strategic health authority to sign off the mental health plan for the whole of Shropshire, so I hope that she will encourage it to do so, as the plan is desperately needed by mental health patients in my constituency. Finally, will she comment on the proposal by the hospital trust to cut up to 300 jobs, including doctors and nurses? Would that protect front-line patient care, as she mentioned a few moments ago?

Ms Winterton: We have made it clear that it is important for local trusts and local health economies to deal with the financial problems that have built up. Of course, it is regrettable when any redundancy has to occur, but it is important for staff that their local trusts get back on to a stable footing. What is worse for patients and staff is when deficits are allowed to continue without a proper grip being taken of them.

Any proposed significant change will be subject to 12 weeks' public consultation. Strategic health authorities are coming forward where deep-seated problems are found and considering the time scale of the deficits, and they will come back to the Department if it is felt that a longer repayment period is needed. Those detailed plans will be produced shortly.

A turnaround team has gone into the constituency of the hon. Member for The Wrekin and is currently agreeing a tailored package of help with the trust and the SHA. It is important that we have those teams in areas, working with local people and considering how to sort out the problems, while ensuring—I am sure that the hon. Gentleman will be interested in this—that the trust delivers both its key targets and financial balance. Getting those two things right is essential.

I must reassure the hon. Gentleman that this approach is not about denial or complacency—quite the opposite: it is about saying that those problems have existed for some years, but it is important that we sort them out. It would be complacent if we were not to sort them out. Local people and staff would not appreciate it if they felt that we were not working with the local health staff and health economies in ensuring that we were

proposing packages that got the trusts back into financial balance, while ensuring that they continue to meet their key targets.

In conclusion, enormous improvements have been made in the health services in the hon. Gentleman's constituency. Investment has been increased, but challenges lie ahead. I re-emphasise that a programme has been put in place to achieve those aims. That is the right approach for local people, for patients and for the hard-working and committed NHS staff in his constituency.

Question put and agreed to.

Adjourned accordingly at twenty-eight minutes to Eleven o'clock.

House of Commons

Tuesday 21 March 2006

The House met at half-past Two o'clock

PRAYERS

The unavoidable absence of MR. SPEAKER *having been announced,* THE CHAIRMAN OF WAYS AND MEANS *took the Chair as* DEPUTY SPEAKER, *pursuant to the Standing Order.*

PRIVATE BUSINESS

HBOS GROUP REORGANISATION BILL

Order for Third Reading read.

To be read the Third time on Tuesday 28 March.

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

Local Transport Monopolies

1. **Mr. Andrew Turner** (Isle of Wight) (Con): What discussions he has had with the Office of Fair Trading on local transport monopolies. [59776]

The Secretary of State for Transport (Mr. Alistair Darling): My officials meet regularly with the Office of Fair Trading. It is for the competition authorities to consider whether a local monopoly is abusing its position and having a detrimental effect on consumers.

Mr. Turner: Wightlink, which enjoys what the OFT calls a dominant position in the cross-Solent ferry market, has just been sold for £230 million, which can only be recouped from its customers. Fares have increased significantly, potentially damaging the local economy and causing hardship particularly to those who have to travel because of a need for health care. Does the Secretary of State agree that instead of launching investigations only after the ill effects become apparent, the OFT should keep local transport monopolies under review and ensure a fair deal for local communities?

Mr. Darling: I am grateful to the hon. Gentleman for having raised his concern directly with my Department. I appreciate the problem that he sets out. I think that the competition authorities last looked at the position on the Isle of Wight in 1995, although there was a further review in 2000. The test is not whether there is a monopoly but whether those involved are abusing the position. As I understand it, there are three operators on the Isle of Wight, two of which are bigger than the other one. If the hon. Gentleman, or anyone else on the Isle of Wight, has a particular problem, he might want to raise it with the OFT.

On the hon. Gentleman's general point, I am not sure that I would want the Competition Commission to keep a constant watch over everything that might constitute a monopoly. I imagine that its resources would have to be significantly increased were that to happen. The best thing to do in relation to this particular case, if the hon. Gentleman is so minded, is to raise it with the authorities.

Ian Lucas (Wrexham) (Lab): Does my right hon. Friend agree that open access arrangements on our railways can have a very positive effect? Does he particularly welcome the competition that will be created by the proposed link between Wrexham and London, which will compete with the Virgin railway service that currently operates?

Mr. Darling: Competition can be beneficial. However, it is also important to ensure that there is sufficient capacity on the railway lines to allow for additional services to run, whether between Wrexham and London or anywhere else. The other relevant factor that must be considered is the effect that it has on the overall finances of the railways.

Air Travel

2. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What his policy is on the extent to which demand for air travel should be met by increased spending on infrastructure. [59777]

The Secretary of State for Transport (Mr. Alistair Darling): Investment in airport infrastructure is essential in order to deliver the objectives of the White Paper that I published in 2003 and to ensure the international competitiveness of the UK. Perhaps I should draw the House's attention to a statement that I made this morning on the Government's response to the Civil Aviation Authority's price control review consultation, which emphasises the importance of investment in order to deliver the objectives of the Government's White Paper. I also draw the House's attention to the recent statement by the CAA, which stressed the importance of airport operators maintaining a sufficient credit rating to be able to fund future investment.

Mr. Crabb: Given that the White Paper forecasts that demand for airport capacity in the south-east region will reach £300 million passengers by 2030—more than double today's level—and that existing airport capacity serving this market is already, in effect, fully utilised, how confident is the Secretary of State that current plans for the provision of additional runway capacity in the south-east will match this demand in a timely and appropriate manner? What does he think will be the consequences for the UK if we fail to do so?

Mr. Darling: I am in no doubt that if we do not implement the proposals set out in the White Paper of three years ago, that will have adverse consequences for the United Kingdom. I am concerned that the hon. Gentleman's Front Benchers seem to be having doubts about the position that I set out in 2003, which strikes a

reasonable balance between the need to meet some of the increased demand that will come in the south-east and elsewhere and the need to meet our environmental obligations.

As the hon. Gentleman suggests, the problem that we now face is that Heathrow is full for most of the day, Gatwick is fairly well used, and growth at Stansted has been dramatic over the past few years. If we get ourselves into a position whereby we do not take decisions, which is essentially what happened in this country for nearly 20 years, or do not accept that some capacity is needed to meet all the demand that might arise, the position of the UK generally will be very bad. That is why I believe that what I set out in the White Paper in 2003 was right then and remains right now.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): On the specific problem of airports, does my right hon. Friend agree that, given the BAA's virtual stranglehold in the south-east and throughout the country, it is now time to do something? In addition, given the speculation about that company, does he believe that it is time to consider breaking it up to allow development elsewhere, by airports such as Prestwick in my constituency, so that they can fight on a level playing field rather than suffer strangulation by the BAA?

Mr. Darling: I am not sure whether I agree with my hon. Friend. First, it is up to the competition authorities to decide whether an abuse of the monopoly position has occurred and, if so, to make recommendations. It is not open to the Government to expropriate property from a private company—that is not the right approach.

The BAA is currently committed to substantial investment in not only the London airports but airports in Scotland, as my hon. Friend knows. However, the competition position is for the Competition Commission to determine, as set out in the Enterprise Act 2002. It is important that investment is maintained in airports, whether by BAA or anyone else. No Government can be indifferent to that.

Mr. Julian Brazier (Canterbury) (Con): The Government have committed themselves to an extra runway at Stansted, despite its failure to attract long-haul operators. Who will pay for upgrading the railway line, which, as the Secretary of State knows, is getting slower through the extra stops? Who will pay for the water that is needed at a time of unprecedented water shortages in the area? Above all, who is responsible for joined-up government, covering every issue from skills shortages to housing shortages, which will arise as a consequence?

Mr. Darling: I am intrigued by the hon. Gentleman's proposition that an airport is not an airport unless is caters for long-haul flights. Stansted has many short-haul flights, and many low-cost airlines fly into it. Millions of people every year fly from Stansted to different parts of Europe. It is a viable airport. The test is not whether it has long-haul flights.

As I have said on several occasions, the White Paper strikes the right balance on the need to increase capacity, especially in the south-east. If we do not do that, the implications for this country are serious, not only in loss of business to other parts of the world but in relation to the country's economic health.

If an application to build a second runway is granted, the developer will be required to meet some of the additional costs for surface access. The Government have much responsibility for the general railway network and the line from Cambridge to Liverpool Street. That presents a problem for the hon. Gentleman. He cannot say that he favours more investment while signing up to a policy that means cuts in investment.

Mr. John MacDougall (Glenrothes) (Lab): Will my right hon. Friend continue to press the case for improved links between Fife and airports such as Edinburgh? Will he do what he can to encourage BAA to improve the links and make the necessary investment for better public access?

Mr. Darling: Yes, I will. The Scottish Executive propose a railway line from Fife as well as Edinburgh and Glasgow through Edinburgh airport, and BAA is fully involved in that. If that happened, it would provide fast links from all over Scotland to Edinburgh airport, which is one of the airports that the White Paper identifies as experiencing significant growth in the next 30 years.

Blackpool Trams

3. **Mr. Ben Wallace** (Lancaster and Wyre) (Con): What discussions he has had with Blackpool council on investment in the town's trams. [59778]

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): My right hon. Friend the Secretary of State has not had any discussions with Blackpool council about investment in the trams. However, officials from the Department have had several meetings with the promoters, Blackpool and Lancashire councils, to discuss their proposals to upgrade the tramway.

Mr. Wallace: Will the Under-Secretary set out a timetable for a decision on any request for extra investment? Will he study carefully any request to deregulate from the rail vehicle accessibility regime, which is imposed 100 per cent. on the Blackpool trams? If there is no deregulation, that could threaten their existence in the long run.

Derek Twigg: Blackpool has said that it needs £16 million over the next three years to keep the tramway running. This issue is being considered as part of the regional priorities exercise that we have carried out around the regions, including the north-west. Ministers are considering those priorities at the moment, and we will make an announcement in due course.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Is my hon. Friend aware that Blackpool council had to undertake emergency repairs on the tram track in Fleetwood last year? The only answer to these problems is proper investment, because that tram track carries not only tourists visiting the area but local residents—my constituents—who travel to work between Blackpool and Fleetwood and who are getting increasingly anxious about the trams' future.

Derek Twigg: My hon. Friend and my hon. Friend the Member for Blackpool, South (Mr. Marsden) have been great champions of, and advocates for, the trams in Blackpool. In fact, I recently responded to an Adjournment debate secured by my hon. Friend the Member for Blackpool, South on the subject. I am aware of the importance that Blackpool places on the trams in regard to its economic regeneration. The matter is under consideration as part of the regional priorities exercise in the north-west, and we shall make an announcement on our decision in due course.

Rail Capacity (Chippenham/Paddington)

4. **Mr. James Gray** (North Wiltshire) (Con): What recent assessment he has made of the rail capacity available for trains from Chippenham to London Paddington. [59779]

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): The most recent assessment of the rail capacity available for trains from Chippenham to London Paddington was made in the Great Western main line route utilisation strategy, which was published in its final form by the Strategic Rail Authority in June 2005.

Mr. Gray: That is an entirely factual response, but the truth that lies behind the Minister's answer is that substantial cuts have been made to rail services in the west country. In Chippenham, we have lost our early morning train to London, the 5 o'clock service. We have also lost any possible connection with Oxford, to which there used to be a direct line. We used to have a service via Didcot, but 18 fewer trains a day now stop at Didcot. We have also lost our west Wiltshire link to Waterloo. The truth is that deep and damaging cuts have been made to our rail services in Chippenham and across the west country, and that is directly attributable to this Government. Does the Minister not accept that, if he puts up the price of a return rail ticket from London to Chippenham to £100 and cuts the train services, people will get back into their cars?

Derek Twigg: The hon. Gentleman has spoken to me before about these concerns. A consultation exercise has taken place, and our officials will be talking to First Great Western about the results to see where we can make improvements. I must point out, however, that most people in the greater western area are either getting the same service or seeing an improvement in services.

Chris Grayling (Epsom and Ewell) (Con): Will the Minister confirm that the cutbacks to rail services in the Chippenham area, and in the west of England as a whole, were specified by his Department in the detailed documentation for the Great Western franchise?

Derek Twigg: The hon. Gentleman will know that we put part of the base case as part of the invitation to tender and the specification process. If representatives of First Great Western want to come to us with proposals for improvements in services that would not have an impact on the capacity of the rest of the line, we will listen to them and talk to them about that. The key issue here is that, apart from the fact that most people are experiencing the same or better services, there will be £200 million worth of investment going into trains and stations along the First Great Western route.

Chris Grayling: I think that that is an admission. Does the Minister realise the consequences for my hon. Friend the Member for North Wiltshire (Mr. Gray) and other hon. Members of the Government's decisions to cut back services in many parts of the west country? Last week, I visited a rural station in Hampshire where the train used by local children to get to school is to be axed as a result of the specification that has come from the Minister's Department. How can he expect people to leave their cars at home and use public transport when his Department is taking decisions to cut their train services?

Derek Twigg: Let us be clear about this. We are investing £87 million a week in the railways, the number of rail passengers increased to 1 billion last year, and we now have the youngest rolling stock that we have had for years. In regard to the First Great Western franchise, let me repeat that we are investing £200 million in trains and stations, and most people will experience the same or better services. We shall listen to the results of the consultation, but the key issue is that the Government are investing in the railway—which is resulting in improving services and a growth in passenger numbers—unlike the Tories, who did not invest in the railway. We are now picking up the pieces after those decades of underinvestment.

Pensioner Travel

5. **Mr. Lindsay Hoyle** (Chorley) (Lab): What steps he is taking to encourage local authorities to enter into reciprocal agreements on free off-peak travel for pensioners. [59780]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): We are keen for local authorities to work together to provide cross-boundary, county or region-wide schemes where that suits local circumstances. Local authorities will have the discretion to work together to provide cross-boundary travel, as they do at present, based on their judgment of local needs and their overall financial priorities.

Mr. Hoyle: Is my hon. Friend aware that there are no such agreements in Lancashire? At the moment, pensioners are able to travel free only within each small district, which goes against the ethos of the Government's provisions. It is wrong that people in Greater Manchester, London and every other major city will be able to travel free across several districts, while free travel will be available only within each district in Lancashire. That is unacceptable. It is not the way forward for pensioner travel. What can the Minister do to end the postcode lottery for pensioner travel in Lancashire to ensure that my pensioners get a fair deal, just like pensioners in the rest of the country?

Dr. Ladyman: I am sure that my hon. Friend would be the first to acknowledge that the Government have done their part by making a substantial amount of money available for free travel for pensioners. Other counties have been able to reach agreements that have allowed

cross-county travel to be provided. I hope that, even at this stage, Lancashire will try to find a way forward to offer the service that is being offered in many other counties.

Mr. Peter Bone (Wellingborough) (Con): My constituency contains two major towns, Wellingborough and Rushden, but they fall into two different district council areas. When free off-peak travel for pensioners was announced, it was welcomed by local people, but they have found that it does not, in effect, apply to them, as they cannot use the No. 46 bus that links the two towns.

Dr. Ladyman: Once again, it is for the two boroughs to discuss how they can work together to provide that sort of service. At present, boroughs work together to make the half-fare concessionary services available. All we are doing is providing additional money so that they can provide free local services. It should not be beyond the wit of local councils to see whether there is a way forward through working together.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Is my hon. Friend aware that the passenger transport authority in south Yorkshire is using the money that it is getting from central Government, together with the existing money that it is spending on its current discount scheme, to ensure that pensioners get free travel from not 9.30 but 9 o'clock, not merely on the bus but on the tram and train as well, and also on journeys between south Yorkshire and west Yorkshire and some journeys between Sheffield and Derbyshire? Is not that a good example of a Labour Government and Labour local authorities working together for the benefit of pensioners?

Dr. Ladyman: My hon. Friend is absolutely right. That is a good example of councils getting together to provide added benefits with the money from the Government. There is no reason why all those other Tory councils cannot do the same.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I take it from the Minister's answer to his hon. Friend the Member for Chorley (Mr. Hoyle) that the real answer is that the Government are taking no steps to encourage reciprocal agreements between local authorities. Does not he accept that when many local authorities are struggling to meet the costs of funding concessionary travel, and having to cut existing, local, popular concessionary schemes, that will simply not be good enough?

Dr. Ladyman: First, I welcome the hon. Gentleman to his new portfolio, and I hope that he enjoys it very much. How can we, as he puts it, not be encouraging such schemes when we are putting £350 million into making the service available? If councils are not able to work together to make that into a reality, I suggest that people ask questions of those local councils. Such a substantial additional sum of money will provide free bus travel for pensioners all around the country, and he should welcome it as good news.

Mr. David S. Borrow (South Ribble) (Lab): Following the comments of my hon. Friend the Member for Chorley (Mr. Hoyle), may I reiterate the problems experienced by Lancashire, with 12 district councils and the county council having to reach agreement? There are real problems, if those 13 councils do not reach agreement, about not having a scheme at all. Will the Minister be proactive in leading discussions with Lancashire councils on a way forward to ensure that my constituents can get to local hospitals and shopping centres without having to pay half-fare, which is the existing scheme?

Dr. Ladyman: I find it difficult to understand how the Government can be criticised for putting an extra £350 million into free travel for old people. It seems obvious that councils in Lancashire need to get together and come up with a solution that can meet local needs and the demands of my hon. Friend's constituents. If they are not prepared to do that, I suggest that he reminds people that local elections are coming up soon.

Rail Services (Greater London)

6. **Justine Greening** (Putney) (Con): If he will make a statement on the performance of rail services in Greater London. [59781]

The Secretary of State for Transport (Mr. Alistair Darling): The performance of rail services in Greater London continues to improve. In February 2006, which is the last period for which I have figures, punctuality on South West Trains, which serves the hon. Lady's constituency, stood at 93.5 per cent.

Justine Greening: One aspect of performance that is often overlooked, although it is very important to my constituents who use Putney main line station, is ticketing. Pre-paid Oyster cards are now used regularly by my constituents who take the tube, but many who begin their journeys at Putney main line station want to be able to use flexible tickets there as well. Can the Secretary of State say whether the Government intend the tender document for the South West Trains franchise, which is due to be renewed in February 2007, to mandate franchise bidders to offer pre-pay or flexible ticket systems?

Mr. Darling: The hon. Lady makes a good point. We want to ensure that Oyster cards—and the next generation of cards—are available not just in Greater London but in the rest of the country, so the invitation to tender, which we will publish shortly, will include that requirement.

Mr. Andrew Love (Edmonton) (Lab/Co-op): My right hon. Friend may know of the tragic accident that occurred in my constituency over the weekend, when two 16-year-olds were ploughed down by a train travelling at 80 mph. Rumours abound about why it happened, and obviously we must await the facts, but it is already clear that there were no lights or safety gates at the crossing, and that there was no warning sound when a train was approaching. Will my right hon. Friend reassure me that there will be a proper inquiry, that a report with recommendations will follow, and

that, while we wait for the recommendations, the crossing will be closed to ensure the safety of others who wish to cross the line?

Mr. Darling: I understand my hon. Friend's concern about the accident, and we must extend our sympathy to the families of the two young boys who lost their lives. I would, however, caution my hon. Friend and the House about reaching conclusions on what happened at this stage. An investigation is in progress, and it might be better to await its conclusions before drawing our own.

This was a tragic accident and we must do our best to prevent such events, but, as the House will appreciate, railways are inherently dangerous places for people who go on to them. We need to find out how those young boys came to be on the line and what they were doing, and then draw our conclusions accordingly.

Light Rail/Trams (Funding)

7. **Andrew Stunell** (Hazel Grove) (LD): If he will make a statement on future funding of light rail and trams. [59782]

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): Trams can be very effective in areas with heavy traffic. We remain prepared to support trams where they are the right solution, but we must take account of the cost. In many cases a well-designed and promoted bus-based system is likely to provide a more cost-effective solution.

Andrew Stunell: The Minister and I share an interest in improved public transport in the north-west. Can he confirm that the south-east Manchester multi-modal study continues to be a priority for him and his Department, and that therefore the extension of the Metrolink tram to Manchester airport and Stockport town centre also remains a priority for him?

Derek Twigg: We are awaiting regional advice on the study, but, as the hon. Gentleman will know, this year we devolved some decision-making on priorities to the regions. The regional priorities have been submitted to the Department, and we are considering the various schemes that have been suggested, including those from the north-west.

Andrew Gwynne (Denton and Reddish) (Lab): I acknowledge the Government's real commitment to the Manchester Metrolink, including the extension to Ashton-under-Lyne, which will go through my constituency. For the vast majority of people in Denton and Reddish, however, the bus will still be the main form of public transport. What discussions has my hon. Friend had with Stagecoach Manchester, particularly on the subject of tram-like buses?

Derek Twigg: I know that my hon. Friend is a champion for his constituents when it comes to improving transport. I have had no discussions with Stagecoach Manchester about buses, but as part of the overall public transport agenda we must try to find the best solution for each area. If possible that will include integration, whether it involves buses, trams or other forms of transport. I will try to find out more about what discussions have taken place, and then inform my hon. Friend.

Miss Julie Kirkbride (Bromsgrove) (Con): Is any consideration being given to restoring the tram service to Birmingham? That would greatly improve congestion for those who go into the city every morning. Some of the routes for the tram service that was withdrawn still exist, and could be used for the new service.

Derek Twigg: As the hon. Lady probably knows, Centro has submitted a scheme. It is also one of the regions that have involved themselves in the transport innovation fund. We will decide on its proposals in due course, when we know the details.

High Occupancy Vehicle Lanes

8. **Lynda Waltho** (Stourbridge) (Lab): What plans he has to use high occupancy vehicle lanes to tackle congestion. [59783]

The Secretary of State for Transport (Mr. Alistair Darling): Yesterday, I announced that the Highways Agency will trial a car-share lane on the junction of the M606 and the M62 south of Bradford. A second car-share lane will be created on the M1 between junctions 7 and 8—the St. Albans to Luton stretch. Construction started yesterday.

Lynda Waltho: I thank my right hon. Friend for that answer; however, we in Stourbridge and the wider black country have our own congestion problems. Will he ensure that the lessons learned from these trials are shared with those who plan transport in the west midlands, so that our congestion and traffic-flow problems can be dealt with?

Mr. Darling: I agree with my hon. Friend, and the conclusions that we draw from these trials will be available to local authorities. Authorities in two parts of the country have already used car-share lanes, which have resulted in a decrease in journey times and more people sharing lifts. The system works in America, Australia and Canada and there is no reason why it should not work here. Of course, we are also doing other things. As my hon. Friend says, there are congestion problems in the west midlands, but measures such as the traffic management scheme on the M42—from next year, use will be made of the hard shoulder during peak times—show that we are getting more out of the current network. As she will be aware, one of our priorities must be to get more out of what we have. We cannot simply build our way out of the problems that we face because of increasing pressure from cars and lorries.

Sir Nicholas Winterton (Macclesfield) (Con): May I ask the Secretary of State whether high-occupancy vehicle lanes can also be used by public service transport, given that such vehicles are of course high-occupancy vehicles? Following up the questions from the hon. Members for Chorley (Mr. Hoyle) and for South Ribble (Mr. Borrow), would it not be helpful if the allocation of resources for retired people was made more equal throughout the country, because it is the allocation—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Someone of the hon. Gentleman's experience should

know that he should not string on to his first question a second one that is outside the scope of the question before us.

Mr. Darling: In the light of your warning shot, Mr. Deputy Speaker, I shall answer the first question but not the second; perhaps I will come back to it on another occasion. I am not sure how many buses travel along the stretch of motorway in question. However, the precise regulations will be laid during the next few weeks. In general, we are trying to encourage people who are minded to share vehicles in order to secure priority to do so; indeed; I met a number of people in Leeds and Bradford yesterday who did just that. As I have said, the system works elsewhere and there is no reason why it should not do so in this country. We need to come up with thoughtful and radical solutions to the congestion problems that we face, for the very obvious reasons that we have discussed on many occasions in this place.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): For a moment, I was worried that I had stumbled into transport in Lancashire questions. One of these new, shared-vehicle lanes is on the M62 close to my constituency, and my right hon. Friend is absolutely right to experiment with this scheme. As I saw when I was in north America, it is a very effective way of speeding up traffic. However, will he look more closely at the M62 and at junction 27 in particular, which is a real worry? The M62 will seize up if he does not act more boldly in sorting out the problem.

Mr. Darling: As my hon. Friend knows, there are proposals to deal with congestion problems on various parts of the M62, and I shall write to him about junction 27. As he says, car-pool lanes, as they are known in north America, do work; indeed, I have driven along them myself. They have significantly reduced congestion on both the east and west coast, and they are good for the environment because they encourage the use of fewer cars.

Mr. Owen Paterson (North Shropshire) (Con): I am surprised by that last comment. A recent report from the University of California, Berkeley suggests that car-pool lanes are underused in California and that they have resulted in increased average journey times. That was confirmed by the Legislative Analyst's Office, which showed that capacity is running at only about two thirds. The Secretary of State mentioned Canada earlier, but a recent report by the Fraser Institute—under the helpful heading "HOV Lanes Make No Sense"—said that high-occupancy vehicle lanes are seriously underused in the Greater Vancouver Regional District. Did the Secretary of State or any of his officials read these reports, which were published very recently, before making yesterday's announcement?

Mr. Darling: Yes, we have read them, and my experience is that one does not have to go far to find an expert report condemning any proposition in respect of transport that one cares to put forward. I was struck by something that the hon. Member for Epsom and Ewell (Chris Grayling), who speaks for the Conservatives on these matters, said the other day. He said:

> "I think we have not had a clear transport strategy in this party in recent years; we've had tactical positions."

I suspect that what we have heard from the Opposition today is simply a tactical position.

Margaret Moran (Luton, South) (Lab): I welcome the proposals for a car share lane on the M1 up to my constituency in Luton. It will benefit local people and those using London Luton airport, which we hope will be expanded. Will my right hon. Friend look at ways to encourage the local authority to work with local businesses and the airport to facilitate car-sharing schemes, so that we can continue to reduce congestion on the M1 and make maximum use of what is an excellent proposal to reduce congestion generally?

Mr. Darling: I am grateful to my hon. Friend for her support. Given that all parties are considering ways to reduce the environmental damage caused by cars and by transport in general, any suitable proposal should be examined. I am sorry that the Opposition have turned their minds against that. We know that they oppose the climate change levy, but they also seem to be against just about everything else that would help to improve the environment. We are prepared to put these measures in place, no matter how difficult that may be. We will not run away from difficult decisions.

Transport Infrastructure (South Hampshire)

9. **Peter Viggers** (Gosport) (Con): If he will make a statement on the transport infrastructure in south Hampshire. [59784]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): We are aware that local authorities in south Hampshire have ambitious plans for growth. We look forward to seeing their proposals to support that in their new local transport plan.

Peter Viggers: Is the Minister aware that 38,000 people on the Gosport peninsula have jobs, but that there are only 19,000 jobs on the peninsula? The result, of course, is a tidal flow of traffic out and in every day, which causes intense frustration for people stuck in that slow-moving traffic jam. The Government encouraged Hampshire county council to consider a light rapid transit scheme and then turned the idea down flat. They refused to compensate the council and its council tax payers for the costs incurred. When will there be a new Minister for local transport who will honour the promise that there would be a meeting with the county council to discuss the way ahead? What chances are there of improvement and will the Government fund it?

Dr. Ladyman: On the south Hampshire rapid transit scheme, the Government said in March 2001 that we would consider it but that the public contribution had to be capped at £170 million. That cost had risen by £100 million by 2003. In 2005, south Hampshire produced a much reduced scheme costing £250 million-odd at today's prices. That increase in costs is not sustainable and that was why the Government were not prepared to back the scheme any further. Of course we are prepared to meet the local council to talk about these issues and to try to find a constructive way forward. We have made that offer already and look forward with great interest to studying the council's further plans.

Mr. Mark Hoban (Fareham) (Con): The Minister referred to the plans of councils in south Hampshire for more development and more transport infrastructure. Will he commit to work with them, so that firm and costed plans are in place before new housing developments are begun? Many of the problems in south Hampshire arise from the fact that, in the past, transport infrastructure has lagged behind housing developments.

Dr. Ladyman: Of course my Department and the Office of the Deputy Prime Minister will work closely with local councils. That is happening already, but plans must be practical, affordable and sustainable. These are difficult questions to answer, but we will make sure that infrastructure funding is available to support much needed growth in the area.

Trunk Roads (East Anglia)

10. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet East Anglia's local authorities to discuss improvements to local trunk roads. [59785]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): We currently have no plans to meet local authorities in East Anglia to discuss improvements to either local or trunk road schemes.

Mr. Bellingham: I am sorry to hear that, because if the Minister had a meeting, he would learn that Norfolk has fewer trunk road bypasses and less dual carriageway than any other county in England. Not only is that harming the quality of life in many villages, it is holding back job creation and enterprise. When will work commence on the A47 Middleton-East Winch bypass and when can we expect some improvements on the A17?

Dr. Ladyman: Although I have no plans to meet the local authorities, we have been talking to them and to the region about plans hitherto. I have visited the A47 to see the issues for myself. We have just had guidance from the region about where road funding priorities ought to lie. We are considering that and will make our decision known very soon. I remind the hon. Gentleman that, given what he has just said, he might want to discuss the presumption against road building, as it was described, with the right hon. Member for Suffolk, Coastal (Mr. Gummer), who is leading the Conservative commission on that subject.

Mr. Bob Blizzard (Waveney) (Lab): Is my hon. Friend aware of the Highways Agency's proposals for repairing the lift-up bridge on the A12 trunk road in the middle of Lowestoft? It envisages closing the bridge down for whole weekends, which will bring the town to a standstill. It simply would not be able to function if that were to happen. The cost to the town would be enormous in terms of lost hours, lost production and lost business. Will he look into that matter and agree to meet me before any final decision is made on what kind of contract will be offered?

Dr. Ladyman: Of course I will meet my hon. Friend to discuss that. The Highways Agency will consult thoroughly to find the best way forward. Obviously, if repairs are needed, we have to find some way of dealing with the problem without disrupting traffic for his constituents and others in the town. We will do our best to do that and I will make sure that he and I meet to discuss it.

A303

11. **Mr. David Heath** (Somerton and Frome) (LD): What the timetable is for the planned improvements to the A303 in Somerset; and if he will make a statement. [59787]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): We are considering the south-west region's advice on its priorities for major schemes in the south-west, including schemes on the A303. We hope to announce our response to that advice later in the year.

Mr. Heath: There are two things that interest my constituents: the Sparkford to Ilchester safety improvements and the replacement of the road surface on the A303 with a low noise surface. We are disappointed that, given that other schemes on the A303 have been delayed for unavoidable reasons, the safety improvements—not capacity improvements—between Sparkford and Ilchester have not been brought forward. There is also disappointment that the anticipated change of road surface has apparently been delayed because the money that would have been used has gone instead to the A1. Will the Minister consider both schemes and write to me to say whether they can be undertaken at the earliest possible opportunity? They would improve my constituents' quality of life.

Dr. Ladyman: I will write to the hon. Gentleman and tell him what the latest position is on any safety and surface improvements that are needed on those roads. As for the capacity increases, he is a member of a party with a presumption against road building—we are constantly being told that we should not be building any—but he and the hon. Member for Hazel Grove (Andrew Stunell) between them have proposed £2 billion of road building.

Mr. Jeremy Browne (Taunton) (LD): There is an intrinsic link between the A303 project being mooted by the Government and the A358 dualling, which links the end of the Ilminster bypass on the A303 to junction 25 of the M5 at Taunton. Will the Minister give us an update on the progress that the Government are making with the dualling of the A358 on that stretch and when they anticipate starting work on that project?

Dr. Ladyman: Once again, we are considering the advice from the south-west region on priorities and as soon as we have that advice, we will make it known.

UK Airports

13. **Tony Lloyd** (Manchester, Central) (Lab): If he will make a statement on the effect of the structure of British Airports Authority airports on his policy on UK airports. [59789]

The Secretary of State for Transport (Mr. Alistair Darling): I refer my hon. Friend to the answer that I gave to Question 2.

Tony Lloyd: Referring to that answer, although I accept that it is the competition authorities that must ultimately decide on the balance of advantage, will the Minister ask the competition authorities if they will look carefully at producing a report on the costs and benefits of the BAA monopoly, particularly in the south-east, and the way in which that impacts on airlines and the travelling public, particularly in the light of the calls for the break-up of BAA by many of the internationally known airlines?

Mr. Darling: We have responded to the Civil Aviation Authority consultation, which deals with the designation of the London airports. Any question of an investigation of the ownership of those airports has to be dealt with by the competition authorities. The most important thing is for us to ensure that, whoever owns the airports, we get the investment that we need to provide additional runway and terminal capacity. That is the most important thing for the well-being of the economic health of this country. As I said earlier, no Government can be indifferent to that.

David Taylor (North-West Leicestershire) (Lab/Co-op): When my right hon. Friend considers the structure of BAA and airports in the months to come, will he widen his net to look at those cases in which regional airports are owned by the same organisation? The Manchester Airport Group owns the large Manchester airport, as well as East Midlands airport in my constituency, which has significant problems that MAG has not addressed. Will he also review regional airport ownership?

Mr. Darling: No, there is no reason why Manchester Airport Group or anyone else should not own East Midlands airport. The test is whether there is a monopoly and whether that monopoly power is being abused. That is what the competition authorities have to decide under the Enterprise Act 2003. There is no reason why a company cannot own more than one airport. What is important is that the company concerned is prepared to commit sufficient investment to ensure that the airport can meet the demands on it and continue to contribute to the British economy. East Midlands airport, as my hon. Friend knows, has seen a substantial increase in freight traffic. I appreciate that there are local concerns about noise, but the contribution that the airport makes to the east midlands economy, and therefore to jobs, cannot be overlooked.

Night Flights

14. **Mr. Andrew Mackay** (Bracknell) (Con): If he will make a statement on the frequency of night flights to Heathrow airport. [59790]

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): The Government set night flying restrictions at Heathrow airport on a seasonal basis. Those restrictions include a limit on the number of flights to and from the airport between 23.30 and 06.00. For winter 2005–06, that limit was 2,550; for summer 2006, it will be 3,250. That works out on average as about 16 flights per night; however, the limit is not set on a nightly or weekly basis.

Mr. Mackay: Does the Minister accept that many of my constituents believe that there are more night flights in and out of Heathrow, which are causing unreasonable disruption? Can he give some assurances that the limit will not be raised in the future?

Derek Twigg: The right hon. Gentleman knows that last year we had the second stage of a consultation on night flying restrictions that will apply from October 2006 to October 2012. It a question of striking a balance between the economic benefits and the noise nuisance caused. We need to consider that carefully.

Secure Station Scheme

17. **Simon Hughes** (North Southwark and Bermondsey) (LD): If he will make a statement on the outcomes from the secure station scheme. [59794]

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): Network Rail and most train operating companies are participating in the scheme. Their accredited stations have a comprehensive package of measures to reduce crime and reassure passengers. The relaunch of the scheme last March has seen a 52 per cent. increase in accredited stations.

Simon Hughes: Is the Minister willing to meet a delegation of London Members of Parliament to consider the fact that several underground stations have lost their safe accreditation and many commuter stations on the overground rail system are also not regarded as safe? At such a meeting, we could consider what is a major issue for London and what we could do to make all stations, not only those in the capital city, safe at all times for all passengers.

Derek Twigg: As the hon. Gentleman knows, there is a difference between the Mayor's responsibilities and the Department's responsibilities. We want improvements in security at all stations, including CCTV. We have the secure station scheme, and the new South Western franchise includes a particular section on the need to consider and improve security. I would be happy to meet him to discuss the issue, but he will understand the division of responsibilities between the Mayor and Ministers.

Mrs. Betty Williams (Conwy) (Lab): Will my hon. Friend have discussions with the Minister for Economic Development and Transport of the Welsh Assembly Government and bring to the attention of the appropriate Minister the fact that stations such as Bangor in my constituency are unmanned after 9.30 pm? It is not only a question of security, but of people with disabilities not receiving the help and attention they need when using lifts and so on.

Derek Twigg: My hon. Friend takes a great interest in rail matters and I have met her and colleagues to talk about train services in Wales. As she knows, responsibility for trains in Wales has been transferred to the Welsh Assembly, so it would be best for her to direct her representations to the relevant Minister in the Assembly. I am sure that she understands that we are very much aware of the situation and want improvements in security at stations.

Peter Luff (Mid-Worcestershire) (Con): I am grateful for the interest that the Minister has shown in the Cotswold line recently, but sadly it is too late to deal in the franchise process with the large number of unmanned stations on the line because the franchise has been let. In future franchise extensions and renewals, will the Department take a careful look at suggestions from train operating companies that more stations should have people actually manning them? As the hon. Member for Conwy (Mrs. Williams) has just said, it is intimidating for elderly and disabled people in particular who are trying to get access to rail stations.

Derek Twigg: As the hon. Gentleman mentioned, we have exchanged correspondence on those issues and discussed them at previous Question Times. I understand his point, but we have to look on a station-by-station basis at the business case and at affordability, in terms of achieving the best value for money through improvements in the whole franchise. The early part of the Greater Western franchise will put in £200 million of investment, which will obviously improve trains and stations. We want improvements in those areas, but we have to look at things station by station.

DUCHY OF LANCASTER

The Chancellor of the Duchy of Lancaster was asked—

Information Technology

19. **Anne Snelgrove** (South Swindon) (Lab): If he will make a statement on the use of information technology to help reform public services. [59768]

The Parliamentary Under-Secretary of State for the Cabinet Office (Mr. Jim Murphy): Information technology is an essential component of the Government's programme to reform public services and enable citizen choice. IT can help deliver the responsive and increasingly personalised services that the public increasingly have a right to expect.

Anne Snelgrove: My hon. Friend knows, because I wrote to him last week, that we have a particular problem in Swindon, which I am trying to help the local education authority to solve. The LEA and schools feel that not enough children are taking up free school meals, which affects both funding and the relative position of schools in examination groups. Is there anything that my hon. Friend can do to help Swindon LEA to improve the take-up of free school meals so that the LEA receives fair funding and the young people have the number of teachers they need in front of them in their classes?

Mr. Murphy: My hon. Friend is right. She has raised the matter on a number of occasions, not least in an Adjournment debate. I remain disappointed that there is continued misunderstanding about information-sharing under the Data Protection Act 1998, which is why the Cabinet Office is working with the Department for Constitutional Affairs and the Information Commissioner to try to ensure best practice across public services and public organisations so that some of the unfounded concerns about information-sharing are not repeated. A Cabinet Sub-Committee is also looking into the matter. Finally, we are trying to find ways to ensure that businesses and individuals do not have repeatedly to provide the same information, so I hope that my hon. Friend will be relieved to hear that work is ongoing to overcome some of the misconceptions about the 1998 Act.

Legislative and Regulatory Reform Bill

20. **Simon Hughes** (North Southwark and Bermondsey) (LD): What recent representations he has received on the Legislative and Regulatory Reform Bill. [59769]

The Parliamentary Under-Secretary of State for the Cabinet Office (Mr. Jim Murphy): Since the introduction of the Legislative and Regulatory Reform Bill to Parliament on 11 January, I have received about 50 representations from the private and public sectors as well as from individuals.

Simon Hughes (North Southwark and Bermondsey) (LD): Does the Minister accept that this is not just about the Procedure Committee, nor people such as my former law lecturer John Spencer and his colleagues at Cambridge, nor even my hon. Friends the Members for Cambridge (David Howarth) and for Somerton and Frome (Mr. Heath), but people such as my 83-year-old constituent who says that we fought world war two to oppose dictatorship, so it is vital that provisions such as those in the Bill do not pass? Can the Minister tell us whether he is listening to the growing number of people, including the whole of my party, who believe that the measure is terrible, bad and wrong, and that it is anti-democratic legislation?

Mr. Murphy: I congratulate the hon. Gentleman on his new appointment. I cannot congratulate him on the entire contents of his question. I know that the job that he has is not the one that he envisaged, but good luck to him nevertheless.

There is cross-party acknowledgement of the fact that the attempts at better regulation in 1994 and 2001 have not been effective in delivering the type of better regulation and simplification that we hoped for. As we said, a wider power is contained in the Bill, so it is important that we get the protections right as well. Strong protections are needed, so we are continuing to listen about how that can be achieved. As I say, there are meetings with the Chairmen of Select Committees and others to try to get those protections right. We do not want to repeat the problems of the Regulatory Reform Act 2001, with a narrow definition of the nature of the burdens that prevented us from delivering the type of simplification to which businesses and public services are entitled.

Vera Baird (Redcar) (Lab): Is there not potential in the Bill to cut red tape and administrative burdens not only on business, but on charities and voluntary organisations, which, when run on a small scale, are often administratively stressed? Is that not a very important step forward? Exactly how will that advantage be measured to ensure that we have done all that we need to do and that there are real benefits on the ground?

Mr. Murphy: My hon. and learned Friend is characteristically correct in saying that the enabling powers in the Bill can provide the simplification that charities, voluntary organisations and public servants can expect. I understand that the Charity Commission is working on its simplification plan to find out how we can lift the burden of bureaucracy, administrative burdens and unnecessary regulations from the shoulders of charities and public servants. As that goes on, perhaps we can have conversations with my hon. and learned Friend and others about the most effective way of doing that, but the Bill is about simplifying rules and regulations that relate not only to business, but to the type of organisations that she mentions.

Mr. David Heath (Somerton and Frome) (LD): Would that it were, but the fact is that any good that the Bill may do in deregulating will be far outweighed by the extraordinary powers that the Minister is taking to himself and his colleagues in part 1. Part 1 simply will not do, and we will ensure that it proceeds no further. Given that the Bill reorders the relationship between the Executive and the legislature, will he consider the Power commission report as a representation on the Bill? Will he consider the very sensible suggestion that we now need a concordat that limits the powers of the Executive and enshrines the powers of Parliament?

Mr. Murphy: The principle of an additional legislative route through the House was established in the Deregulation and Contracting Out Act 1994 and the 2001 Act. Some of the phrases that the hon. Gentleman has used in the past about the power being unprecedented in a time of peace were made about the 1994 Act as well, and that has turned out not to be the case at all. We are happy to continue to listen, and he is aware that we are actively considering how best to include an absolute veto in the Bill, so that the Commons, the Lords and their relevant Committees will ultimately decide whether the Government can progress with any simplification order that they propose. Ultimately, as we extend the power, it is important that we have additional, effective safeguards and protections in place.

Mr. David Winnick (Walsall, North) (Lab): I am pleased that my hon. Friend is listening. I do not for a moment doubt that he is well meaning in proposing the measure, but does he accept that many Labour Members have concerns about the possible dangers to Parliament and that it would be wrong for the measure to pass as it stands at the moment? Let us just imagine what another Government could do if the Bill came on to the statute book.

Mr. Murphy: My hon. Friend is right and I am happy to continue the dialogue not only with those who serve on the Select Committees, but with him as well of course. I accept that we need to get the protections and safeguards exactly right, but I hope that he acknowledges that the 2001 Act, which is currently in place, just does not suit the purposes of delivering the better regulation agenda that emerges from the Hampton report and the simplifications plans that are coming from the Departments. I am happy to have that dialogue, but we do not wish to repeat the mistakes and the tight controls in the 2001 Act, which everyone acknowledges was too tightly framed in its legal sense.

Mr. Oliver Heald (North-East Hertfordshire) (Con): It is not just the hon. Member for Walsall, North (Mr. Winnick) and the TUC who say that the powers are too wide. Is it not right that the business community has got on to the Minister to say that it wants an effective tool for deregulation, not the abolition of parliamentary scrutiny? Is it not right, as reported on Sunday, that Lord Grocott—the Government's Chief Whip in the other place—has expressed concern that if further changes are not made to the Bill,

"we are missing our last opportunity to avoid likely defeat"?

The Minister keeps saying that he will make major changes to the Bill, but when will the amendments be tabled? I have tabled my amendments for debate on Report—10 of them, all of which offer the sort of safeguards that the Select Committees have asked for. When will he table his?

Mr. Murphy: The hon. Gentleman knows that we are actively considering the specifics of vetoes and other matters. He knows that because we had a meeting this very morning to discuss those matters, and I had a similar meeting also this morning with those on the Liberal party's Front Bench. As we develop a consensus on how we enable the veto to be placed on the face of the Bill, we will table our amendments at that point.

Business rightly wants simplification and to maintain an additional route for the delivery of the simplification plans so that we maintain UK competitiveness in a global economy. The current legislative process is not fit for purpose and we need an additional way of bringing about the simplification that UK business, public servants and voluntary organisations so badly need.

Directgov Website

21. **Dr. Roberta Blackman-Woods** (City of Durham) (Lab): What plans he has to publicise the Directgov website. [59770]

Mr. Murphy: On 6 March, we launched a marketing campaign to raise awareness of Directgov. The campaign will run for two months and includes the national press, radio advertising and the online media.

Dr. Blackman-Woods: What guidance is being given to local councils, such as Durham city council which serves my constituency, to provide links from their websites to the Directgov website? What information is available to councils in constructing their websites so that they avoid political bias?

Mr. Murphy: I am not aware of the specifics of my hon. Friend's last point about the political bias of council websites. That is not the intention and it is not in the guidance that we would give. It would be disappointing if that was a feature of such facilities. I understand that 379 local councils are actively participating in Directgov and the major piece of advice that the Government give is that the information on such websites has to be trusted, be relevant and add value to people's everyday lives. That is how we will ensure that IT is at the centre of the transformation of people's lives and public services.

British Nationals Abroad

3.32 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): With permission, Mr. Deputy Speaker, I should like to make a statement in respect of today's publication of the first-ever comprehensive guide to the Government's support for British nationals in difficulty abroad.

It is obviously traumatic to be caught up in any emergency, to fall victim to crime or to have to go to hospital in an emergency. When that happens abroad, it can be worse still for those involved, who might be far from friends and family and unfamiliar with the local language, laws and procedures. It has therefore long been a central task of the Foreign and Commonwealth Office to assist British nationals who get into difficulty while travelling or living overseas.

Demand for such support has never been greater. People from the United Kingdom now make more than 65 million overseas trips a year—three times as many as 20 years ago—and a greater proportion of them are travelling independently and to more distant and sometimes more dangerous destinations. Meanwhile, some 13 million British nationals live overseas.

Our travel advice covers 217 countries and territories and the website receives nearly 5 million hits a year. Our consular staff now deal with nearly 3.5 million inquiries a year, including from the 860,000 people who visit our consulates in person, and we help around 85,000 people a year in need of more acute assistance. For example, last year, we supported 4,200 British nationals in hospital abroad, helped the families of 3,900 people who died overseas and dealt with the detention of 6,000 British nationals. Last year, we also assisted nationals affected by major crises, including the hurricanes in America and the Caribbean and the terrorist attacks in Egypt and Turkey, and we continue to provide support to the British victims of the tsunami and their families. In addition, we are the only western nation regularly to provide special consular services for Hajj pilgrims in Saudi Arabia.

We have responded to the growing and changing demand through a programme of major improvements to the consular support that we offer British nationals. After the Bali bombings in October 2002, we set up consular rapid deployment teams, which are on stand-by to travel quickly to the scenes of major emergencies. Today we have twice as many trained consular staff on 24-hour stand-by for those teams as before the tsunami. In addition, we also have a new team based in Hong Kong that covers the Asian region and we will launch another in north America before the hurricane season this year. Our teams now include staff from the police and the Red Cross and medical personnel when they are needed. We have raised the quality of training for our consular staff and made crisis management training obligatory for all our heads of mission overseas, We have set up specialist teams in specific areas, such as forced marriages and child abductions, and recruited specialist advisers in family law and police and social work. We have expanded our 24-hour response centre in London and have new call-handling arrangements with the police to allow us to deal with a very high volume of calls in a crisis.

We are determined to keep improving the support that the Foreign and Commonwealth Office provides. To that end, in the summer of 2004, we asked the National Audit Office to review our consular operations. Its report was published in November last year and I have accepted in full its recommendations—indeed, many have already been implemented. In the report, the NAO noted that the UK

"has a reputation among other countries' foreign ministries as world leaders in consular crisis management".

If we are to deliver consular assistance in the most effective and efficient manner possible, the public need to know what support the Foreign Office's staff overseas can provide to them in times of need, and, just as importantly, people need to be clear about what we cannot do. For example, we cannot get people out of jail and nor can we pay their hospital bills. Helping British travellers better to understand what support is available should encourage them to prepare thoroughly and minimise the risks that they take.

It was for those reasons that in the manifesto for the last general election, the Government said that they would

"consult widely before publishing a comprehensive statement"

on the support that they could offer British nationals in difficulty abroad. I launched the consultation process with a written statement to the House on 20 October last year. My noble Friend Lord Triesman, the Foreign Office Minister with responsibility for the matter, hosted a major consultative event on 27 October with representatives from the House, the travel industry, non-governmental organisations and consumer groups. The consultation period lasted until 30 November and produced an overwhelmingly positive response. The result is the document that I am launching today.

The fundamental responsibility in respect of the risks of travelling abroad must be met by travellers themselves through an appreciation of the risks and with comprehensive travel insurance that covers the loss of personal effects, medical care, accidents and criminal acts, and, if necessary, repatriation to the UK. The only alternative to the personal responsibility of the traveller is that the taxpayer should meet the cost, but since travel abroad is plainly a matter of choice, and those who do travel abroad tend to have more disposable income than many in this country, it cannot be right for the burden to fall on the taxpayer as a whole.

However, since the atrocities of 11 September 2001, we have accepted that there may be circumstances so grave and exceptional that it is appropriate for the Government, from public funds, to provide exceptional assistance. The available assistance is set out on page 29 of the guide. When we trigger such assistance must be a matter of judgment at the time, and its potential availability should never be seen as a substitute for good insurance cover.

Where there has been a major disaster and we have triggered an emergency package for victims abroad, there has often also been a need for comprehensive support for victims and/or their families on their return to the UK. My right hon. Friend the Secretary of State for Culture, Media and Sport has very kindly taken the lead on this. For victims of the tsunami and their families, for example, we worked with the Red Cross to help those worst affected to gain access to financial support on their return.

[Mr. Jack Straw]

My right hon. Friend the Prime Minister has made it clear that we must examine the question of financial support for those caught up in terrorist attacks overseas. At present, neither our domestic criminal injuries compensation scheme nor any other victim compensation scheme covers those killed or injured abroad. We are now considering a range of options in that respect, and we will make an announcement when we have concluded that consideration.

I have sent copies of the new guide to all hon. Members, and we will also send copies to all libraries and citizens advice bureaux across the UK and to our partners in the travel industry and other associated industries and bodies. We are producing a summary document in leaflet form, which will be available at airports and our travel agency partners. Information based on the guide is being sent out in the form of a checklist for travellers, which will be included with every one of the more than 5 million British passports that we issue each year. We will place the guide on our travel website, from which hard copies can also be ordered. We are also translating it into Welsh, Bengali, Punjabi, Urdu, Gujurati, Arabic and Chinese, and those versions will be available on our website or in hard copy on request.

Within the Foreign Office, the new guide will provide our staff both overseas and in London with a clear statement of exactly what they can and should do for British nationals in difficulty, and it will therefore be an important tool for further improving the quality and consistency of support across our consular network. Next week, I shall launch an updated document setting out the Government's international strategic priorities for the next decade. For the first time, consular work will become a strategic priority in its own right, which means that every one of our heads of mission abroad will have personal responsibility for delivering support for British nationals in difficulty as set out in the new guide.

Almost a year ago to the day, I made a statement to the House on our response to the tsunami in the Indian ocean. I was struck then by the tributes from both sides of the House on the work of our consular staff around the world. Our staff deal face to face and on a regular basis with the kind of traumatic situations that most people rarely have to confront over a lifetime, and I pay tribute to them again today. I am proud that the consular support that we give British nationals abroad is among the very best in the world. I am determined and confident that it will stay that way, and the new guide will be an important tool to that end.

Mr. William Hague (Richmond, Yorks) (Con): I welcome the Foreign Secretary's statement and the publication of the new booklet of advice. Our nationals are prolific travellers who, regrettably, will sometimes fall victim to crime, natural disasters or even kidnappings and terrorist incidents. It is absolutely right that they should know what help they can expect from their nearest embassy or consulate and that the common-sense responsibilities of travellers are also made clear. I join the Foreign Secretary in paying tribute to our consular staff around the world, who take on such trying tasks with such incredible dedication.

Within that general welcome, may I press the Foreign Secretary on a few points? First, have all possible lessons been learned from the handling of previous disasters affecting British citizens overseas? Foreign Office staff worked very hard and generally very successfully on the aftermath of the tsunami. However, the Foreign Secretary has referred to the action taken following the Bali bombings, after which, he will recall, the Foreign Office apologised for a lack of co-ordination on bringing home the bodies of British victims, which placed families under enormous pressure. Is he confident that such a lack of co-ordination is now a thing of the past? In looking at the range of options, he has referred to a victims' compensation scheme: what lessons is he learning from the reserve funds and other arrangements for this purpose already established by Australia, Spain, France and Italy?

Secondly, what plans have been put in place to benefit from inter-departmental co-operation in the event of major catastrophes with, for instance, the Ministry of Defence and the Department for International Development? The Foreign Office is not the only arm of the British Government with a presence overseas, and the forced marriage unit run between the Foreign Office and the Home Office is a welcome example of such co-operation. Will the Foreign Secretary explain why the lead Department on looking after victims on their return to the United Kingdom is the Department for Culture, Media and Sport—there is presumably a good reason for that? The Foreign Secretary is smiling, but I am sure that there is a good reason for that.

Given that the security of our missions abroad is of paramount importance to deliver such services to British citizens, is he satisfied that all necessary and proportionate steps have been taken to ensure the safety of embassy and consular staff throughout the world? In considering the position of British nationals abroad, will he comment on US-UK extradition measures and their current operation? Does he accept that there is concern that British citizens have been extradited to the United States for non-terrorist offences without full reciprocity yet by the United States?

Given that the document asks British nationals to have confidence in what the Foreign Office can do for them, will the Foreign Secretary respond to the recent report by the Select Committee on Foreign Affairs, which commented on a

"woeful lack of professional skills and a disturbing series of failings in senior FCO management".

It said that

"the FCO needs to catch up with the rest of Whitehall, by recruiting professionally qualified, experienced people to . . . top . . . roles".

Is the Foreign Secretary satisfied that those criticisms are invalid? If not, are they being acted on?

Finally, what is the impact on the Foreign Office's ability to give appropriate help and advice of the closure of overseas posts and missions? Four posts have closed in Africa, five in the Asia Pacific region and three in the United States. Has any assessment been made of the impact on British travellers? Again, does the Foreign Secretary agree with the Foreign Affairs Committee report that the changes to overseas posts lacked a clear rationale? Does he accept its concern that

"a number of the affected Posts are in Commonwealth countries, with which the United Kingdom has had a long and particularly close association."

The initiative is welcome, but I hope that the Foreign Secretary can give us additional assurances on the matters that I have raised.

Mr. Straw: I am grateful for the right hon. Gentleman's welcome for the initiative and for the tribute that he paid to our staff.

He asked whether we have learned lessons from previous emergencies overseas. I believe so, but I am not at all complacent. We all learned from an unsatisfactory performance in Bali. The hon. Member for Bournemouth, East (Mr. Ellwood) is in the Chamber, and I know that he had a tragic and personal experience of that. We must continue to learn lessons. As for a victims' compensation scheme, we are looking at the examples provided by France, Spain, Australia and the other countries mentioned by the right hon. Member for Richmond, Yorks (Mr. Hague). On the question of whether there is sufficient interdepartmental co-operation abroad, I have never, in fact, seen any problems affecting the co-operation between representatives of different Government Departments abroad. When they are abroad, they represent the British Government and, as I saw in the aftermath of the tsunami and several other disasters including the Istanbul bombings, they do not stand on departmental loyalties—they get down to business. A bigger issue is the co-ordination between British Government Departments once people return home, and the right hon. Gentleman asked why the Department for Culture, Media and Sport has responsibility for co-ordination. In the aftermath of 11 September there was a need for a Department without parti pris to try to bring together other Departments. It was for that reason that my right hon. Friend the Prime Minister invited the Departments of Health, Social Security and others to co-ordinate their work, and I think that that arrangement has worked rather well. I accept that it appears slightly eccentric, but there is method.

The right hon. Gentleman asked whether necessary and proportionate steps have been taken to protect the security of our staff. Yes, I believe that we are taking such steps, and a very large amount of money has been spent on protecting staff. However, one can never guarantee staff security, as I saw on 20 November 2003. Moreover, we must ask our staff to take risks. I do not want reach the position in which some Governments have found themselves—their staff are in bunkers, unable to communicate with members of the public—and neither do our staff.

Mr. Crispin Blunt (Reigate) (Con): No. 10?

Mr. Straw: I was talking about other countries. Carbolic soap will be provided afterwards.

There is a balance to be struck, but sometimes, as the House knows from the announcement that I made last Tuesday, security becomes paramount.

I understand the concerns that have been expressed about extradition. It is sometimes the case, not only in respect of extradition treaties with the United States, that there is not symmetry when it comes to ratification of such treaties. That is my understanding, but I am happy to pass on the concerns of the House, if such they be, to my right hon. Friend the Home Secretary.

The right hon. Gentleman asked me about the criticism from the Foreign Affairs Committee about a skills shortage in the Foreign Office. I shall respond to that report in due course. I thought that the criticism was over-harsh, but I accept that we needed more professional skills, and a great deal of effort is going into recruiting higher levels of professionalism in the finance, human resources and information technology directorates.

The last question was in respect of the closure of posts. We do assess the effect on British travellers and British interests abroad. Some posts have closed; quite a number have opened as well. I hope there will not be any more closures for the foreseeable future. In any event, we never know where the next emergency will arise. We could pepper a country with posts. We might be lucky and the emergency arises close to a post, or we might be very unlucky and it occurs thousands of miles or thousands of kilometres away. We must ensure that we are flexible and can respond rapidly, wherever the emergency takes place.

Mike Gapes (Ilford, South) (Lab/Co-op): I can assure the Foreign Secretary that what I am about to say is not over-harsh. I refer him to the aspects of his statement that take up what the Foreign Affairs Committee was calling for when we asked in our report for the Foreign and Commonwealth Office to make it clear to the public that there are limits to what can be done, and that people sometimes have unrealistic expectations about the support that might be available. The Committee praises and is very supportive of the work of our consular staff over the recent past in the case of the tsunami, Hurricane Katrina and other disasters.

I hope my right hon. Friend's statement is the first step towards implementing measures that we have called for. Will he look at the other recommendations in our second report and act on them in a similarly positive way?

Mr. Straw: Yes, I always look at the recommendations of the Foreign Affairs Committee and I respond to them recommendation by recommendation. I am grateful for the praise that the Chairman of the Committee has just offered the House. I endorse what the Committee stated at paragraph 107 of its report:

"We conclude that in recent years excessive and unrealistic expectations have arisen of what the FCO is able to do for people who get into difficulties abroad, including in circumstances such as natural disasters."

We sought to spell out what we think is among the best available assistance, and we also spelled out clearly what the limits are.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): On the Liberal Democrat Benches we, too, welcome the statement and the publication of the new guide. I echo the tributes paid to consular staff, who have often in recent times been called upon to cope with unimaginable and traumatic situations, in addition to all the duties that they perform with professionalism and dedication day in, day out.

In responding to the lessons learned from those catastrophes and the criticisms from the recent National Audit Office and Select Committee reports, will the Foreign Secretary state what additional resources will be made available to the emergency disaster reserve in the future? Will he be more specific about the types of

[Mr. Michael Moore]

compensation measures he is considering for people who are injured or families who are bereaved as a result of terrorist attacks abroad? What is the time scale for his deliberations?

What level of resources does the right hon. Gentleman have in mind for the scheme? Will the FCO have to find the money from within existing budgets? Finally, what progress is being made in tackling all the identified shortcomings in the Foreign Affairs Committee report, and has he changed any of the targets for the coming year as a result?

Mr. Straw: I am grateful to the hon. Gentleman for his welcome for this initiative.

On additional resources, the cost of consular services is met from the consular premium. That is included in the cost of a passport, so as demand rises the available resources also rise. We could not possibly have dealt with a threefold increase in the number of travellers abroad and the huge additional demand caused by changes in telecommunications and IT without that relative buoyancy of the income stream. Included in that is an element for the emergency response, which is held by the Treasury and triggered when we declare a full emergency. I can let the hon. Gentleman have full details of that.

We are looking at compensation in respect of, for example, victims of terrorism who do not have insurance. I should say that it is quite complicated. The schemes that are run by countries abroad tend to be pretty restrictive, more so than people might believe. Of course, there is always a difficulty in ensuring that an evidential base for the injuries or trauma is satisfied. That is easier in respect of terrorist incidents than in respect of some others. That is one of the reasons why most countries have been reluctant to set up such schemes.

I should say, too, that as a result of discussions between our consular directorate and the insurance industry, insurance companies are now extending the insurance cover that they provide to include terrorist incidents. In my view, it must be a fundamental responsibility of travellers to ensure that they are covered for all potential risks.

Andrew Mackinlay (Thurrock) (Lab): It is wrong and inappropriate that we should conflate this with the report by the Foreign Affairs Committee, which has very much got my fingerprints on it. I hope that we will have a separate discussion on that on another occasion. I welcome the statement on this narrow issue. It is measured and appropriate and acknowledges, as I want to, the very harrowing circumstances that many of our diplomats have to deal with week after week in respect of bereavements around the world. Some people—I witnessed this myself when I was staying with a diplomat friend abroad—welcome the nanny state when they have the most minor hiccup in their travel arrangements, and test the patience and diligence of our diplomats by more or less expecting from them bed, breakfast and so on. That is inappropriate. I welcome this and hope that we will distinguish it from the discussion on the Foreign Affairs Committee report that we might have on another occasion.

Mr. Straw: I am grateful to my hon. Friend for his remarks and for his confession about his fingerprints. We hold good biometric data on him in any event, so we were able to work that one out for ourselves.

My hon. Friend is right that there can be terribly harrowing circumstances. I saw that during the tsunami, when the police and our own officials worked in the most atrocious and appalling circumstances in dealing with bereaved victims and with cadavers. We have to ensure that support from the British state is available when it is really needed. Of course, that is right—consular assistance has always been a principal function of the Foreign Office. At the same time, however, we have to say to people that they must accept responsibility for themselves.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I am grateful for the Foreign Secretary's comments. We met after Bali, and I am very pleased that he took on board many of the comments that were made. We also met, as he may remember, in Phuket directly after the tsunami; again, it is good to see that some changes have been made.

I welcome the Government's initiative, but I would like to see them go much further. More than £50 million was rightly given to those affected by the 7/7 bombings, but not one penny is available to any Briton who is caught up in a terrorist incident abroad. Will the Foreign Secretary allow us to catch up with Australia, Spain, the United States, France, Italy and all the other countries that have set up a reserve fund to help those who are caught up in such horrific incidents? Terrorism is not limited to national boundaries, and neither should be our support for British citizens.

Mr. Straw: As I have already acknowledged, the hon. Member for Bournemouth, East (Mr. Ellwood) has more acute experience of the harrowing nature of terrorist incidents than probably any other hon. Member. He was critical but generous about what British staff tried to do, and I hope that we have learned lessons post- October 2002 and from what, as I told the House at the time, was not a satisfactory response.

As is set out in page 29 of the document, we provide quite a lot of support for those who suffer in terrorist incidents abroad, including medical evacuation for those who have been injured; paying immediate medical expenses; transporting bodies back home; paying for return luggage costs; and paying for travel to the site of the attack, accommodation and travel insurance for two members of the victim's family. Those arrangements, which worked well after the tsunami, for example, were first put in place by us after 11 September.

I accept that there is a wider issue about victims abroad and compensation, which victims of terrorism at home would receive. We are currently studying that matter, including examples from other countries.

Mrs. Ann Cryer (Keighley) (Lab): I thank my right hon. Friend for his comments, with which I agree, about the excellent work of the consular staff at the Islamabad high commission in rescuing mainly young girls from imprisonment and forced marriage. However, does he agree that we could avoid many of those traumatic situations if we introduced a specific criminal offence of forcing to marry or even conspiracy to force to marry?

Mr. Straw: I am grateful to my hon. Friend for her comments. I promise to give active consideration to her proposal.

Mr. Paul Keetch (Hereford) (LD): The Foreign Secretary will recall the tragic murder of my constituent, Mr. Richard Collins, on 8 March last year in Thailand. The right hon. Gentleman kindly arranged for my constituent's mother, Yvonne Hart, and I to visit officials. He will remember that one of the most appalling aspects of the case was that Richard's body was not kept properly and, consequently, within days, it was not only unrecognisable but had deteriorated to such an extent that a proper investigation could not be conducted into the cause of death. Will he ensure that, in future, consul officials overseas have a standing instruction that, when British nationals are murdered, they should try to make sure that the body is properly maintained not only for investigation but identification purposes? Surely that is not an unrealistic expectation.

Mr. Straw: I am happy to give that standing instruction but with the caveat that it depends not only on consular staff but, above all, on the relevant local authorities.

Mr. Kevan Jones (North Durham) (Lab): I welcome the publication of the document, but I want to raise two issues that arise from a case with which I have been dealing for the past five years. The first concerns honorary British consulates. My constituent, Christopher Rochester, died in Rhodes in 2001, and the honorary British consul there at the time was frankly of little help to the family. It became clear in subsequent legal cases that he was closely connected to people who were involved in Christopher's death.

My second point is about access to legal support. Christopher Rochester's family have found it difficult to get independent legal advice even in Rhodes, which is part of the European Union. Will my right hon. Friend comment on what assistance can be given to families to ensure that they have access to good, local legal advice?

Mr. Straw: I do not know the details of the service that the honorary consul provided in the case that my hon. Friend raises, but I am happy to examine it on his behalf. We have increased the number of honorary consuls and we are trying to increase their training. However many paid staff we have, there will always be a need for honorary consuls so that we can spread the work even more widely. Overwhelmingly, they do a good job.

We can[not] provide legal advice to British nationals overseas. Th[is] a matter for insurance.

Mr. Kevan Jones *indicated dissent.*

Mr. Straw: No, I am sorry. The House must make a judgment about that because the costs could be large. On the whole, people who travel overseas have higher disposable income than the average British taxpayer. I do not believe that an elderly lady in any constituency should pay tax towards covering a risk that should be met by insurance. However, we can provide lists of lawyers, whom we believe to be properly qualified to give advice. They may or may not be on the island of Rhodes but they could be elsewhere in Greece.

Mr. Andrew Lansley (South Cambridgeshire) (Con): The Foreign Secretary might be aware that I have had correspondence with the Home Secretary on behalf of my constituent, Mr. Jocelyn Waller, who is chairperson of the UK Bali bombings victims group. I am disappointed that the Foreign Secretary has not been able to go beyond what was said on 7 December in "Rebuilding lives: supporting victims of crime", published by the Home Office. Will the Foreign Secretary at least tell the House what progress the Government have made in considering the option for a national charitable disaster fund, and for its retrospective application to the victims of Bali and Sharm el-Sheikh?

Mr. Straw: As I have said, we are giving active consideration to that matter, and we hope to make announcements as soon as we can. I apologise to the hon. Gentleman that I cannot say any more on that at this stage.

Mr. David Heathcoat-Amory (Wells) (Con): The Foreign Office and its career structure tend to favour the large, traditional embassies over the smaller, more far-flung posts, yet it is often in those more distant postings that the best work is done to promote British interests and to look after visitors, both personal and commercial. What systematic study is the Foreign Office carrying out to ensure that the deployment of resources and staff overseas is brought into line with the tasks that we expect of them?

Mr. Straw: The right hon. Gentleman has raised an important issue. There was a period, particularly during the cold war, when the most attractive posts were seen to be in the northern hemisphere, including those in America and the key posts in Europe, the Soviet Union and the Soviet bloc. Since I have been Foreign Secretary, post-11 September, I have been determined to shift that emphasis and to ensure not only that we honour the staff who work in very hard posts abroad—which numerically comprise the greatest number—but that they are given the best career opportunities. Yes, staff can go to the more attractive, and sometimes easier, posts but there is an expectation that, if they want a good career, they will have to serve in the harder posts as well. We are doing a great deal in that regard. For example, an exercise is now under way to reduce the staffing of the European directorates in London and of some of the western European embassies, because an awful lot of their traditional tasks are now carried out either on a capital-to-capital basis or in Brussels. We shall use those resources to train and improve the opportunities of the staff of posts elsewhere, including the Arab world.

Mr. Andrew Mackay (Bracknell) (Con): I warmly commend the Foreign Secretary on his full apology to the families of the victims of the tsunami in Thailand who did not receive the help from our consular services that they should have done—in stark contrast, incidentally, to what happened in Sri Lanka, the

[Mr. Andrew Mackay]

Maldives and Indonesia. He says that he hopes that lessons have been learned, but does he not understand that many of the victims' families will wonder whether that can be the case when none of those responsible for the negligence in Thailand has been disciplined or sacked?

Mr. Straw: The situation in Thailand was much more complex than in those other posts. A very high level of service was provided in the Maldives, Indonesia and Sri Lanka, but the situation was very difficult in Thailand. I was there just a few days after the tsunami, and the problems did not arise because of incompetence, negligence or any culpable offence on the part of the staff concerned. In my judgment—this has also come out in some of the analyses of the events—it was due to the fact that some of the staff were exhausted, and that insufficient staff had been sent out with the rapid deployment teams. Those were organisational issues for which, ultimately, I take responsibility. I believe that the lessons have been learned. It does not follow that the only way to deal with the failure of a service is to sack people. If anyone commits a disciplinary offence, they should be—and are—disciplined. In this case, however, I know that some of the people concerned feel an intense personal responsibility for having let people down that will live with them for the rest of their careers. At the same time, many of the individual staff in Thailand who were criticised—there were not so many of them—have also received many bouquets from other members of the public for what they did. Overall, there were many more bouquets than there were brickbats. However, I accept that we let some families down, and I have unreservedly apologised. I am very sorry about that.

Richard Younger-Ross (Teignbridge) (LD): The Foreign Secretary referred to people going abroad by choice. That choice is limited for some people, however, because of their employment. I remind him of the case of Jason Pope, my constituent, who was working in Angola, was sadly abducted and is believed to be deceased. Under the section on missing people, can guidance be given to embassies in countries such as Angola, where there is no effective police force, to be a little more robust and proactive in investigating such missing people, as, I believe, the US would be? Can the Department be slightly more accurate in the information that it gives with regard to presumption of death certificates? On the latter, may I ask—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. We have limited time, and I think that the hon. Gentleman has had a good bite of the cherry.

Mr. Straw: I will follow up the specific points that the hon. Gentleman raised. Our staff are robust with local authorities. We also go to great lengths to ensure the accuracy of the travel advice that we put on our website. However, following a change in policy in respect of travel advice, which was endorsed by both sides of the House, I am extremely reluctant, except in very exceptional circumstances, to say to British subjects that they should not travel to particular countries. Our responsibility is to offer advice. It is then a matter for individual travellers to make their own decisions about whether it is safe for them to travel.

Mr. Nigel Waterson (Eastbourne) (Con): Is the Foreign Secretary aware that most travel insurers have specific exclusions for terrorist acts? Does not that make the case stronger for extending the current availability of compensation for UK nationals, a case made compellingly by people such as my constituents, Mr. and Mrs. Corke, who tragically lost their daughter Annalie in the Sharm el-Sheikh bombings?

Mr. Straw: I acknowledge that many insurance policies currently exclude terrorism. As I have said, discussions with our consular directorate suggest that insurers are ready and willing to extend their cover—some are doing so—and I encourage them to do so. Although it is terrible when terrorist incidents occur, the number of British citizens who are casualties of those is very much smaller than the number caught up in road accidents, for example, for which insurance is easily available. That is the responsibility of insurers. That said, we have recognised, as is made clear on page 29 of the report, that in certain circumstances of terrorist incidents and other emergencies active support ought to be put in place, at an appropriate cost to the taxpayer, for victims or their families. We are considering whether we should provide extended compensation similar to the criminal injuries compensation scheme.

Mr. Blunt: Following the concerns expressed by my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) about the UK-US extradition treaty, can the Foreign Secretary go one better than passing on his concern to the Home Secretary, perhaps by informing the American Secretary of State on her visit to Blackburn that if the United States Congress is not prepared to address this issue, the Government might be minded to bring the matter back to Parliament for us to come to our conclusion about the view of the US Congress? Will he confirm that the whole cost of the additional measures that he has presented to the House today is covered under the consular premium in the cost of passports?

Mr. Straw: On the hon. Gentleman's last question, the answer is yes. On the first question, my right hon. Friend the Home Secretary is in the lead on that matter, but I will go one better than waiting until Secretary Rice comes to the fine constituency of Blackburn and write to her in advance.

Adam Afriyie (Windsor) (Con): I want to raise the case of my constituent, Mr Potter, who is currently in a secure prison in the US pending appeal, while his US counterpart is in a low-security prison and able to see his family regularly. It seems to me that the primary duty of the Foreign Secretary, the Prime Minister and the Government is to defend British interests abroad. Can the Foreign Secretary tell the House why the Government unilaterally signed away rights of British citizens with the extradition treaty, and what representations he has made on behalf of Mr. Potter to the US authorities?

Mr. Straw: I understand the hon. Gentleman's concern about Mr. Potter. As I have explained, the

general issue of principle regarding the extradition treaty is a matter for my right hon. Friend the Home Secretary, but I can say that Mr. Potter was last visited by British officials on 14 December, and we facilitated his wife's visit at the end of January. We were told in February that his lawyers would lodge an appeal at the beginning of March. The director of the consular department in the Foreign Office is going to see Mr. Potter's supporters, and perhaps the hon. Gentleman himself, on 30 March.

Simon Hughes (North Southwark and Bermondsey) (LD): Following other questions and in the light of his welcome announcement that he will consider a compensation package, will the Foreign Secretary take account of the experience of some other people who have suffered recently? Their son, Jeremy Lakin, was killed at Sharm el-Sheikh, and they had a series of really unsatisfactory experiences with officialdom in the United Kingdom and our people in Egypt, as well as with the Egyptian authorities. Is the Foreign Secretary willing either to meet them personally or to look at the file, and to ensure that their experience is dealt with and taken into account in any final announcement that he makes in the coming months?

Mr. Straw: I shall be happy to examine the case, and I will write to the hon. Gentleman about it.

Mr. Henry Bellingham (North-West Norfolk) (Con): The Foreign Secretary said that he could not get people out of jail, but surely Her Majesty's Government can do their best to ensure that those who are incarcerated receive humane treatment. May I refer him to the case of Nicholas Baker, who is in Fuchu prison in Japan? Although he is not a constituent of mine, he has a number of relations in Norfolk. He has been systematically bullied by guards, deprived of food, proper clothing and bedding, and subjected to frostbite. I believed, somewhat naively, that such behaviour did not take place in modern Japan.

Mr. Straw: The hon. Gentleman is right: we have considerable responsibilities in respect of conditions in prisons. I do not know the details of that case, but I will look into them and follow them up, and I will write to the hon. Gentleman.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Along with other Members, I welcome the review. Probably hundreds, if not thousands, of my constituents are abroad at any one time, especially on a Tuesday such as this. However, my question concerns an event that will take place in about 10 weeks' or three months' time: the World cup. Many thousands of English fans will travel to Germany. Is the Foreign Secretary satisfied with the level of consular assistance that he has laid on for an event that will take place very soon?

Mr. Straw: Yes, I am satisfied with the level of consular assistance that will be available. We have built on a good deal of experience in respect of British fans abroad, not least following the riots of English fans in Charleroi in 2000 when I was Home Secretary. After those riots the House agreed on swift changes in the law, so that we could apply banning orders on known hooligans going abroad.

I believe that about 80 British police officers will be deployed, along with many consular officials, and we are already providing a great deal of consular advice on the website and through the Football Association's England supporters club. I think that we shall be providing the maximum help, and that we shall be seen to be doing so. However, if there is disorder involving English fans, or others from the United Kingdom, the responsibility for that disorder is not a matter for the United Kingdom Government. Responsibility will lie with those individuals, who ought to be well-behaved abroad as they ought to be in this country.

Point of Order

4.18 pm

Mr. Peter Bone (Wellingborough) (Con): On a point of order, Mr. Deputy Speaker. Yesterday the Minister of State, Department of Health, the right hon. Member for Liverpool, Wavertree (Jane Kennedy), said in respect of NHS operations

"no one waits more than six months". —[*Official Report*, 20 March 2006; Vol. 444, c. 120.]

Yet on 13 March, in reply to a parliamentary question, the same Minister stated that 74 people were waiting more than six months for their operations. Has the Minister of State given any indication that she will come to the House to make it clear which statement is correct?

Mr. Deputy Speaker (Sir Alan Haselhurst): I have been given no such notice, but I am sure that the hon. Gentleman will be able to pursue the argument that is clearly involved in some other way.

Bishops (Consecration of Women)

4.19 pm

Mr. Andy Reed (Loughborough) (Lab/Co-op): I beg to move,

That leave be given to bring in a Bill to amend the Priests (Ordination of Women) Measure 1993 so as to remove the bar on the consecration of women as bishops; and for connected purposes.

It is not often that we get to debate such matters as the consecration of women bishops in this House; indeed, many colleagues have asked why on earth we are involved in such a decision in the first place. During my speech, I hope to explain how this Bill argues for Parliament's sending a clear signal to the General Synod about women bishops, and why it might provoke a discussion about our role in such matters in future.

First, I want to pay tribute to my hon. Friend the Member for Rhondda (Chris Bryant), who initially proposed this Bill. At that stage, I, along with other colleagues, was a humble sponsor of it. Unfortunately, his parliamentary role in the Department for Constitutional Affairs does not allow him to move such a measure, so I am delighted to pick up where he left off.

It is a full 13 years since we were last asked to debate the ministry of women in the Church, and I am delighted to say that the vote then was overwhelmingly in favour of allowing the Church to ordain women priests. I hope that the House will be overwhelmingly in favour of women bishops today. However, 13 years ago we agreed to a compromise that left open the question of women bishops.

As St. Paul said, in Christ there is neither Jew nor Gentile,

"neither bond nor free . . . neither male nor female: for all . . . are one in Christ Jesus."

Well, not everyone agrees, of course. A former Bishop of London, Graham Leonard, once said that a woman was no more ordainable than a potato. I am not sure where he learned his interpersonal skills, but his theology seems horribly awry, too. Indeed, since studying this matter further for today, I have been overwhelmed by the number of spurious arguments against women bishops and priests masquerading as theology. I prefer the words of the Roman Catholic Cardinal Martini, who, when asked whether the Catholic Church would ever ordain women, said, with the wink of an eye, "Not in this millennium." That, of course, was in 1999.

Despite the few who have campaigned vociferously against women's ministry, the truth is that the vast majority of ordinary members of the Church of England—and, for that matter, of the nation that it serves—agree that there should be no impediment to women in the Church. The Church's compromise Measures in 1993 allowed parishes to declare themselves women priest-free zones, yet fewer than one in 10 have done so. It is not just in Dibley that women priests are burying the dead, baptising the new-born, celebrating communion, counselling the sick and supporting the dying. In every one of our constituencies there are women clergy, many of whom are the most able of their generation.

Half of those in training for ordination in each of the last three years have been women. Yet a full 13 years after they were allowed to enter the priesthood,

women—who can be curates, vicars, rectors, chaplains and deans, and even rural deans and archdeacons—are still barred from being bishops. That is simply wrong. How can the Church preach equality when it institutionalises discrimination? Can anybody imagine the Church's refusing to have black or disabled bishops? Some 14 other provinces of the Anglican communion already allow women bishops, including Scotland. The Bench of Bishops supports the consecration of women, as do both Archbishops. Indeed, the Archbishop of Canterbury mentioned only last night that Sudan already has women bishops. However, the earliest date that the Church is contemplating change is 2012. We can build for an Olympics in that time, yet the Church cannot move forward on this simple issue.

Of course, there are Members who feel that it is none of our business whom the Church of England does or does not consecrate. Understandably, perhaps, they argue that the Church should govern itself. They probably also think that parliamentary questions to my hon. Friend the Member for Middlesbrough (Sir Stuart Bell) on behalf of the Church Commissioners is a quaint and irritating anachronism. However, my hon. Friend the Member for Vauxhall (Kate Hoey) has found it useful to quiz the commissioners on their outrageous sale to the highest bidder of the Octavia hill estate in her constituency. But I accept that there is an argument that Parliament should not be able to tell the Church what to do on this issue; Indeed, I agree. We should not force the Church to consecrate women bishops; nor should we be able to do so through this Bill.

However, while the relationship between Church and state remains as it is, we should use the mechanism before us to make our views known in full. We should be able to express our support for the role of women in every field of British life—to express our view, in the broadest terms, that women and men are equal, albeit different. We should be able to give voice to the many men and women in the Church who have been clamouring for this development for decades, and to declare our direct and personal support for the many women clergy in the Church. Many women clergy have called my hon. Friend the Member for Rhondda in tears of gratitude. They believe that the Church is dragging its heels and listening far too attentively to its ultra-conservative wing, rather than to the mainstream. That certainly smacks of the ultra-conservative tail wagging the mainstream dog.

So why are we in Parliament involved? From the outset, I want to make it clear that I am fully signed up to the principle of disestablishment between Church and state, but at present we are part of the decision-making process and, at some stage, will have to consider and vote on this issue. The problem for me is that the Church recently decided that the earliest date for that vote would be 2012. It is highly likely that those opposed to women bishops will use every tactic to fudge and delay any decision from Synod and that they will plead with hon. Members to block any such proposal. This Bill is a useful device for sending the clear message to Synod that we are here and that we have been waiting for further instruction since 1993. If the House approves the Bill, it will demonstrate that we are willing to consecrate women bishops as soon as we can.

In a nutshell, that is all that I am asking for today—the clearest possible sign from Parliament that this end of the legislative food chain is ready to act. All we need is the chance to do so.

Church of England Measures are the instruments by which changes are made to the governance and organisation of the Church. Once a Measure has been approved by the General Synod, the Ecclesiastical Committee—a Committee of both Houses of Parliament—considers whether it is expedient. If a Measure is considered expedient, both Houses are required to approve it before it can receive Royal Assent.

Generally, motions to present any Measure for Royal Assent are debated in each House as soon as the Ecclesiastical Committee report is laid. Neither the motion itself nor the report can be amended, which means that the House of Commons cannot amend Measures as it can other Bills.

There have been times in the past when this House has rejected such Measures. It happened with the Prayer Book Measure in 1927—which I hope that no one present today can remember—and as recently as 1989, when we rejected the Clergy (Ordination) Measure. The House may not be aware that, since 1992, we have passed 17 Church of England Measures. We rarely invoke the right to reject a Measure although, if a number of hon. Members feel strongly about its substance, a Measure will have no automatic right to proceed unhindered.

Other hon. Members before me have rightly made the point that, although the House naturally does not wish unduly to interfere in the Church's self-governance, its agreement cannot be taken for granted. It has been said that the House

> "is not here simply to rubber-stamp anything the General Synod may lay before it".

There was much debate on the 1993 Measure and Bill for the ordination of women. However, the Ecclesiastical Committee simply summarised the arguments on both sides and, unfortunately, seems to have given them equal weight. As hon. Members will know, there are nearly always two sides to most arguments, but muddle and compromise are not always the best option, as they prolong the agony and do not tackle the issue adequately. Compromise is good sometimes, but not always.

The 1993 legislation legalised a muddled compromise to please a vociferous minority. The House of Bishops working party has recognised that that compromise is a continuing problem and has restarted the debate, but it is still at a preliminary stage only. This Bill represents a great opportunity to send the House of Bishops a message while its deliberations continue. That message is: we in this House are ready to change. As soon as the working party gets the Measure to the Ecclesiastical Committee, and that Committee produces its report, we are ready to endorse it for Royal Assent.

That is not my view alone, as it shared by senior bishops. For example, one senior cleric wrote:

> "Although the House of Commons may not pre-empt decisions of the General Synod of the Church of England, the success of this Bill would be an important indicator of the support for the change as the Church's own decision making proceeds."

[Mr. Andy Reed]

Another bishop has written:

"It is an excellent idea to have this particular debate, which seems to be a useful way of testing opinion in Westminster",

and the Bishop of Worcester has said:

"The fact is that those opposed will certainly take their fight to the Ecclesiastical Committee if they don't like the Measure that comes from General Synod, and it is therefore very important that the Commons should have indicated its view for the Committee's guidance".

Some have even argued that this Bill could trigger "a church-state crisis", as one media headline put it. I had not realised that I could achieve so much in 10 minutes but, if that is one of the outcomes, it will be a useful contribution to the debate. The truth is that the House will not be legislating this afternoon, but it has an opportunity to send a simple message and declare its support for women's ministry at every level of the Church.

I hope that all hon. Members—regardless of the state of their souls or, for that matter, of whether they believe that they have one—will seize that opportunity, vote in favour of the Bill and put and end to the stained-glass ceiling for women in the Church.

4.29 pm

Sir Patrick Cormack (South Staffordshire) (Con): Last week, I received a letter from the Bishop of Fulham, who is chairman of the very respected Anglican organisation, Forward in Faith. I am not a member, but I respect his point of view and those of his members. He wrote:

"On behalf of my several thousand members—bishops, priests, lay women and lay men—all of whom find themselves unable for purely theological reasons to consent to the ordination of women, I write to ask you to find the time to be present in the Chamber and vote 'no' to"

what he then thought was the Bill of the hon. Member for Rhondda (Chris Bryant). He continues:

"I am certain that I do not need to point out that his initiative in this matter is contrary to the long-standing constitutional convention that Parliament does not initiate legislation on such matters. Further, as you will know, the Church, through its democratically elected General Synod, is already engaged in a careful consultation process which seeks to ensure that all views on this important issue are heard and respected."

I ask the House to take the bishop's remarks seriously and to recognise that, although a large majority in the Church of England are in favour of what the hon. Member for Loughborough (Mr. Reed) proposes, an honourable and significant minority take a different view. I was on the General Synod until last year. My hon. Friend the Member for Salisbury (Robert Key) now sits on it. He and I take different views on this issue, but I respect him very much and I hope that the respect is reciprocated.

I do not want to make a great issue of this. If the Church of England does move to consecrate women as bishops, I will probably be one of those who feel obliged to go elsewhere. We should remember that both the Roman Catholic Church and the Orthodox Church, which contain far the greatest majority of Christians in the world, take a different line on this—*[Interruption.]* Perhaps they will change in the fullness of time—I do not know. Nor do I say that I am right. I may be wrong—I do not know. I do not wish to divide the House. It is premature to have brought the measure forward. Indeed, the hon. Member for Rhondda, in a kind and courteous letter that he wrote to me last week, admitted as much, in that it probably pre-empts Synod. We should leave Synod to decide whether it wishes to bring a Measure and then we will have ample and proper opportunity to debate it.

All that I would say to those present and particularly to women Members is that, as far as the Bishop of Fulham and his colleagues are concerned, this is not a matter of equality. It may be perceived as such by many, but this is a theological matter. He may be wrong. I may be wrong. It is just conceivable that the hon. Member for Loughborough may be wrong and I am glad that he acknowledges that. I hope that, in that spirit, we can move on to other business without dividing the House.

Question put, pursuant to Standing Order No. 23 (Motions for leave to bring in Bills and nomination of Select Committees at commencement of public business), and agreed to.

Bill ordered to be brought in by Mr. Andy Reed, Robert Key, Mr. Tim Boswell, Simon Hughes, John Bercow, Mrs. Sharon Hodgson, Julie Morgan, Bob Russell, Susan Kramer, Stephen Hammond, Mrs. Ann Cryer and Barbara Keeley.

BISHOPS (CONSECRATION OF WOMEN)

Mr. Andy Reed accordingly presented a Bill to amend the Priests (Ordination of Women) Measure 1993 so as to remove the bar on the consecration of women as bishops; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 20 October, and to be printed [Bill 151].

Armed Forces Bill *[Money]*

Queen's recommendation having been signified—

4.34 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): I beg to move,

That, for the purposes of any Act resulting from the Armed Forces Bill, it is expedient to authorise the payment out of money provided by Parliament of any expenditure incurred by the Secretary of State in connection with the establishment of a body whose primary function is to investigate matters relating to the mental or physical wellbeing of members of the armed forces or the operation of that body.

The purpose of bringing forward the money resolution at this stage is to enable the Select Committee on the Armed Forces Bill to consider any amendment that might be tabled seeking to create a statutory body or an ombudsman to investigate certain complaints made by service personnel.

This is a very important subject, and one on which the Defence Committee made a recommendation in its report on the duty of care, which was published on 14 March last year. The Government are not persuaded that that is the right way forward for our armed forces, and the Bill makes no provision for it. But we are keen to have an open debate about the issue. We have therefore tabled this resolution in the spirit of constructive engagement, and to enable proper debate in the Committee. Without the money resolution, we would not be able to debate the matter fully.

The money resolution makes clear the proposed primary function of the independent ombudsman, and I think that it is drafted sufficiently widely for a full and informed debate in Committee. If it were agreed, the creation of such a body or ombudsman would give rise to additional costs from public funds. It is too early at this stage to estimate what those costs might be. None the less, we need this motion to allow a full debate. If it were agreed, the creation of such a body or ombudsman would give rise to additional costs from public funds. It is too early at this stage to estimate what those costs might be. None the less, we need this motion to allow a full debate in Committee, and I commend it to the House.

4.36 pm

Mr. Gerald Howarth (Aldershot) (Con): I am grateful to the Minister for proposing the motion. What he has said about the enabling nature of the motion is sensible, and very much in the spirit of the manner in which the Bill is being considered, which could well be applied to the consideration of other Bills. After Second Reading the Bill went not straight to a Standing Committee but to a special Select Committee, which has enabled us to take evidence from a wide range of people, including those who are in favour of the establishment of the kind of grievance redress arrangements to which the Minister referred. Like him, we are not persuaded that that is the best way to proceed for our armed forces, but the motion—if passed—will enable the Committee to examine the proposition publicly and in detail, which will add further to the authority of the Committee and the professional way in which the House has approached the Bill. It is therefore right that we should debate the matter, and that the motion should have been tabled.

I would be keen to learn from the Minister whether the costs that might arise out of the arrangement have been quantified by the Department, given that he is not in favour of the establishment of an ombudsman—

David Davis (Haltemprice and Howden) (Con): Are you?

Mr. Howarth: I am not in favour of an ombudsman, to answer my right hon. Friend who is chuntering from a sedentary position—

John Bercow (Buckingham) (Con): To great benefit, too!

Mr. Howarth: It is of course of great benefit to the House, as my hon. Friend points out.

It would be helpful if the Minister would indicate whether any consideration has been given to the likely costs. As this is a money resolution, and as the Bill has implications for additional expenditure by the Department in the establishment of standing courts martial, and there is the possibility of increased litigation that might entail increased costs for the legal representation of members of the armed forces who end up in the dock, I wonder whether the Minister can give us any estimate today of the likely increases in the defence budget that might arise. That would be helpful, but if he cannot give us that information today, we quite understand that a letter may follow, as has been his custom on other occasions.

We welcome the fact that the motion will facilitate further debate, and I look forward to joining the Minister in resisting a grievance procedure that would not be appropriate for Her Majesty's armed forces. I am delighted that in the spirit of co-operation between both sides of the House in areas on which we agree, I shall be able to make the Minister's task that much easier and perhaps make common cause against some of his Back Benchers, which may be developing into a bit of a habit—

Madam Deputy Speaker (Sylvia Heal): Order. I remind the hon. Gentleman and others that at this stage we are debating only the costs of the proposal rather than its merits.

Mr. Howarth: Indeed, Madam Deputy Speaker. It was for the further elucidation of the House that I was seeking an undertaking from the Minister that he will provide us with some indication of what those costs might be. However, I have nothing further to add to the questions I have posed.

4.41 pm

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): I welcome both the motion and the words of my hon. Friend the Under-Secretary of State for Defence about the importance of the issue to which it relates.

The motion refers to

"the establishment of a body whose primary function is to investigate matters relating to the mental or physical wellbeing of members of the armed forces or the operation of that body".

[Mrs. Joan Humble]

The well-being of members of our armed forces is absolutely vital. They undertake a hugely important task in countries across the world, and we need to ensure that their well-being is properly safeguarded.

The Armed Forces Bill, to which the motion relates, will give us all a valuable opportunity to address the vital issue of accountability and to ensure that when, sadly, deaths occur in the armed forces, they can be properly investigated. The Deepcut and Beyond families group will be looking for answers about the deaths of their children, and I hope that the money resolution will result in the setting up of an independent scrutiny body. I hear the Minister's remarks about his views on the possibility of an ombudsman, but I hope that he will listen to the voices of parents and families and take them into account.

John Bercow: The hon. Lady's speech follows that of my hon. Friend the Member for Aldershot (Mr. Howarth), who was sounding dangerously like a consensus politician a moment ago. The hon. Lady is obviously sympathetic to the establishment of an independent body. Has she any idea, in ball-park terms, of the capital and running costs that might be envisaged?

Mrs. Humble: There are such bodies in other countries. Canada has an independent ombudsman, and Germany and Australia are looking into the idea. There would be opportunities for the Ministry of Defence to look at the expenses in other countries. The important thing is to get this right. We have an opportunity once every five years to consider the armed forces and, in this Bill, issues relating to the operation of courts martial and inquiries. Our armed forces need the best possible focus for such things.

On the sad occasions when something goes wrong, that needs proper investigation. I welcome the money resolution, and the fact that members of the Select Committee on Defence will have the opportunity to examine a vital issue in more detail. When it comes back to the Floor of the House, other Members, too, can engage in that important debate.

4.44 pm

Bob Russell (Colchester) (LD): This is a very narrow debate. I welcome the money resolution, as it will enable the Committee to use evidence from other countries to find out how such a proposal could be implemented in this country if that was the will of Parliament. However, it would be inappropriate for any member of the Committee to prejudge and pass personal comment before we have heard the evidence. Having served on the Committee, I am aware how important it is to maintain the ethos and the culture of the three armed forces alongside the need to harmonise the disciplinary procedures, but the money resolution will enable the Committee to widen the debate to find out whether other measures could assist Her Majesty's armed forces with those procedures. If the evidence that we find suggests that that is the way forward, so be it—but equally, if the evidence states that it would not be beneficial, we should not proceed. It would be inappropriate for any member of the Committee to pass judgment before the evidence has been heard.

4.45 pm

Mr. Kevan Jones (North Durham) (Lab): I too welcome the money resolution, which will give the Committee the opportunity to discuss the very important issue that has just been highlighted by my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble). Having dealt with the Ministry of Defence over the past five years as a member of the Defence Committee, I find what the Minister refers to as constructive engagement rather strange; usually we just get a "No" from the MOD—so I thank him for proposing the money resolution.

I am rather saddened by the comments of the hon. Member for Aldershot (Mr. Howarth), who clearly seems to have prejudged any debate that might take place in Committee. I thought that these days, he was a new Conservative, looking for consensus on issues about which people are clearly concerned in the wider community.

Any such ombudsman or commission needs a narrow remit. It need not be a large organisation that will cost millions of pounds. We must remember that this is not the first time that such a recommendation has been made. The Defence Committee called for something similar in its report on the duty of care during the last Parliament. The independent review of armed forces manpower and career remuneration—the Bett report—recommended extending the terms of reference of the Parliamentary Commissioner for Administration to allow the ombudsman to deal with complaints from service personnel about administration issues. That is important, and I hope that hon. Members will not say that such a proposal threatens the armed forces. Frankly, I think that it will help them to try to repair the damage to their reputation that has clearly been inflicted by some of the press coverage over the past few years.

4.47 pm

Mr. Touhig: With permission, I should like to comment on the remarks that have been made today. I have already said that this is an unusual procedure. The hon. Member for Aldershot (Mr. Howarth) asks how much the procedures that the money resolution will allow the Committee to consider would cost. We have not calculated any of the costs at this time, but as a guide it might be helpful to know that, although on a rather larger scale, the annual operating cost of the Police Ombudsman for Northern Ireland is about £70 million.

The hon. Gentleman spoke of the consensual way in which we have approached the Bill in Committee. I commend all members of the Committee for their work. He also mentioned that he might get another letter from me. When the Bill is finished with, my goodness me, I do not know what I will do—but I will not be writing any more letters to the hon. Gentleman. It will be gap in my life—and, no doubt, a gap in his—but I am sure that we will find other things on which to have exchanges.

Of course, as my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) says, the Bill addresses issues of accountability, but I am not tempted down the road that she suggests at the moment, because that is a matter for the Committee to debate. However, I am glad that she welcomes the provision that the money resolution will allow, and I share the view of the hon. Member for Colchester (Bob Russell) that we must await the debate in Committee.

My hon. Friend the Member for North Durham (Mr. Jones), too, welcomed the money resolution. I make it clear to him that, as I said in my opening remarks, the Government are not persuaded of the need for an ombudsman or anything similar, but we are convinced of the need for a debate, and the money resolution will allow us to have that debate.

John Bercow: A number of references have been made to the special Committee, and within the space of a few minutes it has already become clear that in the Chamber are senior, important, very respected, influential and busy people who probably have many commitments and full diaries, who are sitting on that important Committee. I confess that I am not one of them; I was not asked. However, I am uncomfortable about the idea of a cosy private correspondence between the Minister and my hon. Friend the Member for Aldershot (Mr. Howarth), so I simply ask the Minister whether he will allow other Members to be party to those exchanges. Can we have a copy of all such correspondence between him and my hon. Friend placed in the Library?

Mr. Touhig: We would need to extend the Library. However, I will ensure that my correspondence with the hon. Member for Aldershot is copied to members of the Committee, and I am sure that it can be made available to anyone else who needs it.

The Government are responding to a formal request from the Chairman of the Select Committee to which the Armed Forces Bill has been committed to facilitate deliberations on one aspect of the Bill—the redress of complaints process. We are happy to do that, because we think that it is an important Bill for our armed forces and we are keen to have the debate on this issue. The Select Committee is appointed solely for the task of examining the Bill, and this approach has been used for considering successive Armed Forces Bills since 1955. We are engaged in that process now, and I trust the House will feel that there is merit in the resolution. I again commend it to the House, so that we can have the debate in Committee.

Question put and agreed to.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): On a point of order, Madam Deputy Speaker. May I seek your guidance on how I may make a correction to *Hansard* even though is not in my speech? I understand that Members have an obligation to check their own speeches. At column 48 yesterday, in response to an intervention, the hon. Member for Merthyr Tydfil and Rhymney (Mr. Havard) made light of my role as a bomb disposal officer and suggested that I had an interest in kinetics. However, *Hansard* reports this as though I have an interest in Qinetiq, the defence procurement company. I want to make it clear that I do not.

Mr. Dai Havard (Merthyr Tydfil and Rhymney) (Lab): Further to that point of order, Madam Deputy Speaker. My intention was to make a humorous remark because the hon. Gentleman has family and business interests in fireworks companies. The lesson, I suppose, is that humour is explosive and can backfire. I have asked *Hansard* to make the correction; we discussed it this morning. I apologise to the House and to the hon. Gentleman for any unintentional consequences or inconvenience.

Madam Deputy Speaker: It sounds as though the correction will be made. I should inform hon. Members that they can always write to the editor of *Hansard* to make sure that such corrections are made.

Orders of the Day

Identity Cards Bill

Consideration of Lords message [20 March]

Lords reasons: 22G and 22H

4.53 pm

The Secretary of State for the Home Department (Mr. Charles Clarke): I beg to move, That this House does not insist on its Amendments 22E and 22F but disagrees with the Lords in their Amendments 22G and 22H.

I should say, first, that I am very pleased that their lordships have now dropped their outright opposition to the designation power in the Bill by dropping their previous amendments Nos. 16 and 22. That is very good news and an important development. However, the amendments in lieu are not a real compromise as they would simply delay the power to link the issue of identity cards to designated documents, such as passports, until 2012. That is unacceptable and it would not be right to allow the other place to delay the implementation of legislation that it dislikes until five years have passed. That is a deliberate plan for delay and destruction of the process in the Identity Cards Bill.

This is the fourth time that this issue has come back to us from the other place and I submit that this really should be the last time. Although we might not expect to phase in the introduction of identity cards to all categories of passport applicants straight away, any constraint on designation would create uncertainties in our planning and a risk of additional costs. In line with other European Union countries, we expect to start the issuing of biometric British passports, including fingerprints, by 2009.

Without the requirement for recipients of designated documents, such as biometric passports, to register on the national identity register, to be issued with an identity card and to get the protections that the national identity register offers, we would have to provide for two alternative processes with separate records for those who choose to register and those who choose not to register. Such a purely artificial deadline would create real problems for the phasing of the scheme, which would be bound to have an impact on costs. The real intention behind the amendments is to make the scheme unworkable by fuelling uncertainty about its implementation.

We are also likely to start issuing biometric residence permits to foreign nationals who are temporarily resident here at about the same time—in 2008 or 2009. Again, without the requirement for designation and registration on the national identity register, foreign nationals could opt out of the scheme and we would be forced to maintain separate records for those who opted in and those who opted out of the register. The plans for the ID cards process are predicated on the introduction of a single, seamless process for issuing passports and identity cards as a single package.

Parliament has spent many hours debating the Bill. Leaving aside the discussion on the draft Bill and the substantial debate on the earlier Bill that was introduced before the election, we spent some 39 hours discussing this Bill on the Floor of the House and in Committee before passing it to the other place in October. The Committee stage involved 11 sittings over seven days. The other place scrutinised the Bill over all its stages for a total of 61 hours, including six days in Committee and three days on Report. Since then, a further 15 hours of parliamentary time have been taken up as each House has considered the other's amendments and reasons. I suggest that it would be inappropriate, and a waste of parliamentary time, for the Opposition in the other place to try to force the Government to use the Parliament Act. Moreover, to suggest that we should wait six years before we are able to implement the Bill is not a compromise in any respect.

I welcomed the helpful intervention that was made during yesterday's debate in the other place by Lord Armstrong of Ilminster. He suggested that it might be a compromise between the positions of the Government and the Opposition if the Bill provided for an opt-out, rather than an opt-in, for people applying for a designated document such as a passport. I understand the reasoning behind Lord Armstrong's proposal and am very grateful to him for his efforts to help to resolve the impasse. However, I have to say that while I agree that an opt-out might well make more sense than an opt-in, the reality would be the same. We would still be introducing a large degree of uncertainty into the plans for rolling out identity cards linked to passports.

Perhaps I can also emphasise the fact that, as I have already made clear in debates in the House, anyone who feels strongly enough about the linkage not to want to be issued with an ID card in the initial phase will be free to surrender their existing passport and apply for a new passport before the designation order takes effect. Although I doubt whether many people would want to avoid the opportunity of obtaining an ID card when renewing their passport, the facility will be available. I hope that Lord Armstrong will consider those points before deciding whether to table further amendments in another place.

In fact, I believe that the moment for such a suggestion has passed because it appears that the Opposition have moved beyond their outright resistance to the designation powers in the Bill—the latest Lords amendments accept the principle of designation. The argument now is simply about whether the powers should be available straight away, or whether an artificial delay should be imposed.

I understand the position of the Liberal Democrats. Indeed, the Liberal Democrat spokesman in the other place, Lord Phillips of Sudbury, has at least been consistent in opposing the Bill because of his party's avowed dislike of identity cards in principle.

The position of the Conservative Opposition, both here and in the other place, is more complicated. When the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) was leading his party, he said in an article in *The Daily Telegraph* on 20 December 2004, which was less than six months before the general election:

"We must protect our citizens in every way we can and in my judgement that includes ID cards".

On Second Reading of the original Bill on 20 December 2004—again, less than six months before the general election was called—the right hon. Member for Haltemprice and Howden (David Davis) said that

"it is incumbent on all of us to examine carefully any measures which might enhance the nation's security. Identity cards introduced properly and effectively may help to do that."—[*Official Report*, 20 December 2004; Vol. 428, c. 1953.]

The Conservative Opposition have since flip-flopped this way and that on identity cards. They have voted for identity cards, abstained and voted against them. They decided not to mention identity cards at all in their election manifesto. However, it now appears—I welcome this—that they accept the principle of linking the issue of identity cards to designated documents such as passports.

On 18 March, *The Times* reported Conservative party sources as saying that they wanted the delay added to the designation powers, so that if the Conservatives were to win the next election they would have time to repeal the legislation. That report may have been inaccurate, and I am sure that the hon. and learned Member for Harborough (Mr. Garnier) will have something to say about that.

5 pm

I note with interest that yesterday the Leader of the Opposition in the other place. Lord Strathclyde, was not prepared to commit his party to such a stance. In response to an intervention by my noble Friend Baroness Scotland, he said:

"She knows of our opposition to this legislation and to the whole principle of ID cards. What our position will be at the next election, I cannot tell."—[*Official Report, House of Lords*, 20 March 2006; Vol. 680, c. 38.]

That sums up the problem. Lord Strathclyde was not prepared to commit his party to such a stance and refused to confirm whether his party will be committed to reversing the ID card provisions at the next election.

As the Conservative party seeks to use its entrenched vote in the Lords to frustrate the will of the elected House, I urge it to think again given the deep inconsistencies in its position throughout the whole debate.

John Bercow (Buckingham) (Con): Notwithstanding the advice from my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), a number of my hon. Friends and I have been very consistent in opposing the introduction of identity cards. We voted against the original Second Reading on 20 December 2004 and on each and every subsequent occasion. Our position is explicit, clear and unmistakable, and it will not change.

Mr. Clarke: The hon. Gentleman is right to point out that that has been his position and that of a number of Conservative Members. However, it has not been the position adopted by Conservative Front Benchers, which is what I was pointing out. The country judges the position of Conservative Front Benchers in elections and at other times, and I am glad that the hon. Gentleman has confirmed that while some Conservative Members have been consistent, Conservative Front Benchers have displayed no consistency whatsoever.

Mr. William Cash (Stone) (Con): Does the Home Secretary agree that it was apparent on Second Reading that the policy advocated by my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) was geared to the question of compulsion? When my right hon. and learned Friend was Home Secretary, he adopted a policy on a voluntary scheme, so our current policy is entirely consistent with the views that he originally adopted.

Mr. Clarke: I will not go through what the right hon. and learned Member for Folkestone and Hythe might or might not have done when he was Home Secretary, but I will quote what he said on 20 December 2004 as Leader of the Opposition:

"We must protect our citizens in every way we can and in my judgement that includes ID cards".

He said that less than six months before the general election.

Of course the Government will listen and reflect on what is said, but I must repeat that we cannot accept Lords amendments Nos. 22G and 22H, which would undermine the basis of the planned identity cards scheme just as much as the earlier Lords amendments that this House rejected.

Mr. Edward Garnier (Harborough) (Con): May I begin by apologising on behalf of the shadow Home Secretary, who cannot be here because of a meeting of the shadow Cabinet? No doubt he will be here as soon as he can.

May I clear up three little points that the Home Secretary endeavoured to make at the end of his remarks? He said that we have had quite enough debate about the issue for now—there were 39 hours of discussion in the Commons before the Identity Cards Bill went to the Lords—but he did not condescend to tell us that the debates in Committee on designation and compulsion by stealth were time-limited. The Government imposed knives in Committee, and they have applied the rules of the House, which are in their gift, to impose time limits on these debates, too.

Dr. Nick Palmer (Broxtowe) (Lab): As the hon. and learned Gentleman will remember, we both served on that Committee. The Opposition did not, in fact, use a great deal of the time available. Will he comment on that?

Mr. Garnier: I will not do so, save to say that I wholly disagree with the hon. Gentleman.

The Home Secretary said that the argument was all about designation, and that we had exhausted that debate, bringing matters to a necessary conclusion. I hesitate to say that he has done so deliberately, but he has confused a debate about designated documents per se with one about compulsion by stealth. The kernel of the debate, which he does not want to address, is whether it is appropriate for the Government to stand at the general election on a manifesto that says one thing, then to seek to railroad a measure through the House—and, by threats and others means, to do so in the other place, too—thus avoiding the central issue of compulsion by stealth.

[Mr. Garnier]

The Government accept that there should be express compulsion by primary legislation for the 20 per cent. of the public who do not hold a passport, but they find it extremely difficult to get their heads around the fact—and it is only logical that they should do so if there is to be any consistency in the application of their thinking—that there should be a plain and clear statement of their intention to introduce compulsion through designated documents either by a voluntary arrangement, which they advocated at the general election, or by another piece of primary legislation. Of course, they do not have the intellectual or the political courage, let alone the self-confidence, to advance that argument, because they know that it would not attract public support, still less support from anyone else.

The Home Secretary's final and most desperate throw was to rely on the remarks of my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), who had supported identity cards. Again, that allows the Government to fall into a trap of their own making. They would like us to forget that the Bill is not primarily about identity cards but about the national identity register. If they were intellectually honest and confident about their policy they would have called the Identity Cards Bill the national identity register Bill. People would therefore understand that they wish to compel them, either through primary legislation, which we have yet to see, for the 20 per cent., or by stealth via designated documents, to supply information to a vast Government computer, which will be a huge bucket into which other Government agencies and, indeed, private companies can dip. We cannot audit the register's activities and trawls, as that is prohibited by the Bill. It therefore does the Home Secretary little credit to seek to rely on my right hon. and learned Friend.

When the current Prime Minister was Leader of the Opposition shortly before the 1997 election—we remember that, but perhaps the Home Secretary does not—he clearly opposed identity cards, which he thought were a waste of money and an invasion of civil liberties. He did not think that the Labour party could possibly countenance them under his leadership. I cannot imagine what has happened to him since, but as public confidence in what the Labour party says and does is at an all-time low, it behoves the Government, having been elected on a manifesto, to adhere to their promises.

John Bercow: I am extremely grateful to my hon. and learned Friend, who is presenting his case in the characteristically understated fashion for which he is renowned and respected throughout the House. Would he care to remind the House that when the current Prime Minister was Leader of the Opposition he specifically said that he rejected the idea of compulsory ID cards, which he dismissed as something demanded by the Tory right?

Mr. Garnier *rose—*

John Bercow: That was then—this is now.

Mr. Cash: This is the Tory left.

Madam Deputy Speaker (Sylvia Heal): Order. May we have one debate across the Floor of the House?

Mr. Garnier: Let me assist you, Madam Deputy Speaker, by saying that my hon. Friend the Member for Buckingham (John Bercow) and I are wholly at one in our appreciation of the Prime Minister's skills. They ought to be trumpeted up and down the country. He is a master at saying one thing and meaning another.

On the last occasion when we debated the matter in the House, there was a rather unfortunate intervention from the hon. Member for South Swindon (Anne Snelgrove), who laid claim to having written the relevant passage of the Labour party manifesto. She was rather proud of it at the time, but perhaps she did not realise what she was doing. The Home Secretary may not have been keen that she should continue to take part in these debates—I do not see her in the Chamber today.

Let me remind the House—it is well worth doing so as frequently as we can—precisely what the Labour party said in its manifesto. It stated that it

"will introduce ID cards, including biometric data like fingerprints, backed up by a national register and rolling out initially on a voluntary basis as people renew their passports."

It does not take much knowledge of the English language and its syntax to realise that the expression "on a voluntary basis" governs the phrase "will introduce ID cards".

I shall explain the position in simple language to those on the Government Front Bench. They promised the British public at the last election that they would introduce ID cards on a voluntary basis as people renewed their passports. What they now propose, for which the other place is holding the Government to account, is compulsory registration on the national identity register, incidentally to get an identity card, by stealth—by some underhand secret method. *[Interruption.]*

I know that manifestos are a matter of great amusement to the Government, but if the Government had intended that the public should understand that the policy on which they wanted to be re-elected was, "We will introduce a compulsory system whereby, when you renew your passport or some other designated document, the list of which is yet to be defined, you will be registered on the national identity register", they would have said it.

I hope the hon. Member for South Swindon, who is not present, will forgive me, but it seems to me that that section of the Labour party manifesto was written by a fool or a knave—a knave if it was intended to mislead or confuse, or a fool if it resulted from a failure to understand the ordinary meaning of those simple English words. I do not mind which it is, but either way the British public elected the Government under a false prospectus.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Earlier the hon. and learned Gentleman said that he was at one with the hon. Member for Buckingham (John Bercow). Yesterday in the House that hon. Gentleman reaffirmed his commitment to a totally elected second chamber. Does the hon. and learned Gentleman have any concerns that an unelected and unaccountable House should continue to pressurise this House as much as it has done?

Mr. Garnier: I might do, if the other place in its current constitutional get-up was not a creation of the Government and the Prime Minister, but since it is a creation of the Government and the Prime Minister, and since its current state is entirely supported by people such as the hon. Gentleman, who leapt through the Division Lobby with great alacrity to see the House of Lords turn into a creation of—

Madam Deputy Speaker: Order. May I remind the hon. and learned Gentleman of the amendments under discussion? Perhaps he will confine his remarks to the amendments, not manifestos.

Mr. Garnier: Of course, Madam Deputy Speaker, I respect everything that you say and the admonition that you give me. I may have used a word that the Home Secretary does not wish to hear or understand, but that is not the point. He will have to come to terms with the fact that we have a bicameral constitutional arrangement. It is entirely proper for the other place to present these amendments to this House, and all the more proper given that the other place is a creation of this Government. Having set up this new House of Lords, it is simply not good enough for them to complain when it sends back legislation in a form that they do not like. They should have thought about that before they mucked around with it.

5.15 pm

On amendments Nos. 22G and 22H, which Ministers may or may not have read, it is important to point out that when we last debated this the Home Secretary was chuntering to the effect that the majority of Cross Benchers did not support the majority of 36 in favour of those amendments. Well, I have news for him. That majority contained within it a majority of Cross Benchers, so he has shot his own fox, if I may use an allusion that may be of interest to him.

The House of Lords has presented to this House two sets of amendments that would delay the onset of compulsion until after 31 December 2011. That entirely complies with the Labour party's manifesto on which it was elected at the last election. It would preserve precisely what that manifesto required—the rolling out of ID cards on a voluntary basis—by allowing members of the public who so wish to enrol their details on to the national identity register in order to receive an identity card prior to that time. The House of Lords is doing no more than what the Labour party promised the public that it was about at that time.

Madam Deputy Speaker: Order. I have already indicated to the hon. and learned Gentleman that there has been sufficient discussion of party manifestos. I hope that hon. Members will now address their remarks to the amendments before the House.

Mr. Garnier: If I may say so, Madam Deputy Speaker, it is extremely difficult, given that these amendments are about whether compulsion by stealth should be introduced with this Bill or at a later stage, not to place that in the context upon which the Government rely, as they did on the previous occasion and in the other House—namely, their manifesto.

Madam Deputy Speaker: I agree. I think that I have allowed reference to that background. I would now like us to discuss the amendments before the House.

Mr. Garnier: Well, there we are.

The amendments would delay—properly, because they are in line with the Government's policy as advertised—compulsion by stealth, or by express primary legislation, until after 31 December 2011. No Labour Member who has any understanding of the English language, or of the meaning of the words "promise" or "voluntary", can possibly complain about what the other place has introduced into the Bill.

Mr. Cash: I do not know whether my hon. and learned Friend is going to come to this, but does he think that the Home Secretary reached a point where he would be so dismissive of the arguments that have come from the other House that it might be appropriate for that House to insist on the Parliament Act?

Mr. Garnier: I shall leave that to the other place. I am arguing in support of the other place's amendments—22G and 22H. Whether we get to a stage when the Parliament Act has to be employed is largely a matter for the majority in this House, although it is technically a matter for the Speaker. The Parliament Act is sometimes operated when the Government decide that they cannot have their way by any other means, as happened before the previous general election.

The Government have presented the argument here and in the other place that, if we are to have a bifurcated system—a voluntary and a compulsory system—which the Labour party advocated at the election, we would have to expend much more money. The Home Secretary said that it would have implications for procurement. I am not sure that that is a good reason for overturning the relationship between the citizen and the state. I do not believe that the age-old system that allows us, the citizens, to walk the streets without being compelled to do something at the state's behest should be overturned or trumped by claiming that it would create all sorts of procurement implications. It may well create implications for the Government's IT procurement system—we know the history of IT procurement for Home Office projects and others. It is therefore unsurprising that they are worried about that. However, that is not an argument for overturning the constitutional proprieties.

The Government might have a better case if they condescended to tell us what they believed the costs of the exercise would be. Their claim about the additional costs that the amendments would impose on the taxpayer would be more understandable if they condescended to tell us what they are. However, all they do is ritualistically repeat their abuse of the House of Lords or anyone—at the London School of Economics, on the Conservative Benches, on the Liberal Democrat Benches or even on the Labour Benches—who dares to contradict the assertions that they make without evidence. That is no way to run a Government or conduct an argument in favour of overturning the amendments.

No evidence exists to show that a delay in compulsion would necessarily be more costly than the proposals for immediate compulsion. A series of less expensive,

[Mr. Garnier]

smaller scale trials and pilots would cost far less than is currently projected in the early phases of development and would inform refinements to the specification, which will help to achieve best value in the longer term.

It is also clear that, if the focus of the scheme's planning and development shifted towards developing and selling the benefits of the scheme as a tool for the citizen, voluntary take-up could substantially eclipse that by compulsion. If compulsion by stealth is so good and so popular, why do not the Government have the self-confidence to try voluntary take-up? If the public are sufficiently attracted and follow the arguments on cost, they will flock into the gulags and processing places so that their information can be put on the national identity register.

John Bercow: Irrespective of the number of people who come forward—in the first instance and for some time—to renew their passports, what is my hon. and learned Friend's assessment of the costs that the Government will incur as a result of proceeding with a plan for a massive new set of high street locations under the auspices of the great empire builder, Mr. Bernard Herdan, at which the transactions will take place? The sums of money will be huge. I do not know whether the Home Secretary realises it or whether he has been hoodwinked, but it will cost big time.

Mr. Garnier: There is no question about it—it will cost a lot of money. The overall costs of the scheme range from, according to the Government's figures, something towards the top end of £8 billion, to the LSE's figures of between £19 billion to £22 billion. I have asked written parliamentary questions about the high street readers, which will be based in Department for Work and Pensions offices and those of other agencies, perhaps in hospitals and so on. I cannot guarantee to be accurate but, from memory, each individual reader machine will cost approximately £3,000. One can multiply that to get the total figure.

Mr. Charles Clarke: May I ask the hon. and learned Gentleman to withdraw the word "gulag"? To suggest that the identification process will be equivalent to a concentration camp or gulag is an abuse of language, and he has been very careful to attack us for the abuse of language in various ways. Will he now take the opportunity to withdraw the word?

Mr. Garnier: I had not appreciated that the Home Secretary was such a sensitive flower. I used the word "gulag" as shorthand for the processing process and for the construction of centres to which members of the public will have to come to have their details taken before they are submitted into this Government bucket, but if it was too aggressive an expression, of course I withdraw it. I trust that the Home Secretary will now be able to concentrate on the poverty of his own arguments rather than worrying about the language that I have used.

A delay in the implementation of compulsion will provide more scope to build a system that is technologically feasible and that has the utility to justify its costs. We are asking for intellectual integrity, and for a cohesive policy that will stand up to public examination. The other place has given the proposals that examination, as should this House. The Government do not deserve a blank cheque or a free pass. It is incumbent on us, as Members of Parliament representing constituents of all political parties and of none, not simply to roll over and grovel when the Government say that we must have this, that or the other. It is our job to examine everything that the Government do—allegedly in our name—and if we disapprove of it, to say so and, more importantly, to vote against it. I urge the House to support the Lords in their amendments Nos. 22G and 22H.

Dr. Palmer: On a point of order, Madam Deputy Speaker. In his earlier remarks, the hon. and learned Member for Harborough (Mr. Garnier) said that he completely disagreed with the assertion that the Opposition had not taken all the time available to the Committee. I wonder whether you would now like to give him the opportunity to avoid misleading the House on that. I have the relevant copy of *Hansard* here, in which your colleague, the Chairman of the Committee, says, perhaps a little sarcastically, that

"for reasons I cannot even begin to contemplate, the Committee wants to complete its proceedings in this sitting."—[*Official Report, Standing Committee D*, 21 July 2005; c. 423.]

That is, one sitting earlier than necessary.

Madam Deputy Speaker: That is a point for debate, rather than a point of order for the Chair.

Mr. Garnier: Further to that point of order, Madam Deputy Speaker. Had I thought that the hon. Gentleman's intervention was worthy of any form of sensible reply, I would have given it.

Madam Deputy Speaker: I have already dealt with that point of order. May I remind hon. Members of the assertion in "Erskine May" that "good temper and moderation" should be the hallmark of our debates? Perhaps we should all remember that.

Mr. David Winnick (Walsall, North) (Lab): I shall certainly try to remember that, Madam Deputy Speaker.

I am perhaps not the best person to persuade the Home Secretary to look at this matter again. I have opposed identity cards from the start, and I am sure that he is not going to take much notice of what I am going to say now. However, we shall reach agreement on one point. It is nonsense to say that if the scheme comes into operation there will be gulags and concentration camps. Our European partners have identity cards, and they are not police states. We are very pleased that they are fellow democracies. So let us continue to debate this subject without exaggeration.

By and large, I believe that the views of this Chamber should always prevail over those of the House of Lords. I hold that view even more strongly when the House of Lords votes down a measure that I happen to support. But on a general constitutional level, I do not believe that it would be wrong to continue to adhere to that principle, although there must be exceptions. Although this is a constitutional issue, and although I feel as

strongly as their lordships in the majority, I have abstained on previous occasions after voting against the Bill on Second Reading. I shall continue to follow that line; I shall abstain when we vote on this proposition later.

On the substance of the matter, however—and without going into the issue of election manifestos—I am worried that, if the Government have their way, we shall have a scheme in which anyone who renews their passport after a certain date will automatically have their name entered on the national identity register. That is what I object to. Many law-abiding people are opposed to identity cards and having their names on the national identity register. My right hon. Friend the Home Secretary will not disagree that there are people—although we might disagree about the numbers—who have such strong views and who see no reason why they should renew their passport before the due time.

5.30 pm

Those are the sort of people who, if there is primary legislation in due course in which Parliament decides that there should be a compulsory scheme, would accept the law. They have no desire to be fined, not to pay those fines, to go to prison and be a martyr. However much they object, they accept that Parliament is the decisive policy maker. What they disagree to, which is the reason that I cannot support the Government, is that it is intended that people will automatically go on the identity register once they renew their passport, without Parliament deciding that there should be a compulsory scheme. That is the reason for a lot of disquiet.

I hope—I doubt it, but I am ever optimistic—that my right hon. Friend the Home Secretary will be willing to seek a compromise rather than stand absolutely firm as he has done today. If the Government's position is upheld tonight and they have a majority, as I have no doubt that they will, the Lords might give way following that decision. They have done so on other issues, and they might do so on this one. If they do not, however, I hope, as I have already mentioned, that the Home Secretary will be willing to see what compromise can be reached. It would be totally inappropriate for the Parliament Act to be invoked on this measure.

Dr. Gavin Strang (Edinburgh, East) (Lab): All right hon. and hon. Members on the Labour Benches agree with the general proposition that we expect the elected House of Commons to have primacy in general terms. The fact is, however, that the other place is giving us the opportunity to reconsider this fundamental issue carefully. There are important issues in relation to the passport matter, and I think that the French are having a little difficulty. I would have thought that that was a strong case for getting the biometrics and the passport operating properly before we move on.

Mr. Winnick: I understand that, and I hope that my right hon. Friend also understands the principle involved and the concerns expressed on several occasions.

To conclude, if the Lords refuse to give way, there should be fresh consideration by the Government, and the Parliament Act should not be used.

Mr. Nick Clegg (Sheffield, Hallam) (LD): The Home Secretary has rejected amendments Nos. 22G and 22H from the other place, claiming, if I understand correctly, that they are not serious compromises. I wonder why that is, because any cool and objective assessment of the amendments would suggest that they are very serious compromises indeed. Let me highlight three reasons for that.

First, the amendments are a major concession of principle from those who objected to identity cards and their compulsory introduction, because opponents accept for the first time that they will become compulsory, but according to a deferred timetable. That has been a painful and difficult decision for those who have a long track record of opposing the Bill out of principle. The Home Secretary's dismissal of the seriousness of that concession does not do justice to their deliberations.

Secondly, it is simply implausible to suggest that the amendments would cause huge practical problems. All that they suggest is a deferral from 2009, which would be the first full year of operation of the ID card scheme, to the end of 2011, 18 to 24 months later. Nothing that we have heard today suggests that that shift of a few months poses enormous complexities and practical problems for the Government.

Thirdly, I should have thought that, from the Government's point of view, these compromise amendments would be a good deal better than some of the other compromise amendments that are doing the rounds. During the debate in the other place, Lord Armstrong referred explicitly to the possibility that, when the Bill returned there, he would table amendments inserting a complete opt-out for those who do not want to subscribe to the identity card scheme at all. That would blow a hole in the Bill that would surely be much more serious for the Government than these measured amendments. They represent a major compromise, undertaken in a spirit of careful deliberation over where the two sides may meet on this difficult issue. They are practical, they will not lead to insuperable obstacles, and they are certainly better than the alternatives that may now be debated in the other place.

The Home Secretary said that the amendments would introduce uncertainty, delay and extra costs. I do not see what is uncertain about a date, 31 December 2011. That seems to me very certain and very precise. The date is a little further away than what is envisaged in the much vaguer timetable that the Government appear to have in mind, but there is nothing uncertain about it. Yes, it involves a delay, but a modest delay that has been mooted with the aim of securing a reasonable compromise. As for the costs, it is impossible to test the assertion that the amendments would lead to extra costs, because the scheme has not been properly costed by the Government and we have not yet been given a detailed account of what the costs would cover. The costs that have been floated have been summarily rejected and called into question by independent analysts, not least in the London School of Economics, which recently suggested that in its first 10 years of operation the scheme would run up a whopping £1.8 billion deficit.

Mr. Peter Bone (Wellingborough) (Con): The Government's record on major IT projects is currently

[Mr. Peter Bone]

pretty dreadful. The longer the scheme is put off, the better the Government may become at such projects. The delay may therefore result in considerable savings.

Mr. Clegg: Given the almost draconian enormity of the scheme, I should have thought that the Government would leap at the chance of having a bit more time in which to work out the practicalities and the costs, given that they are shamefully vague about both at present. The hon. Gentleman has made a good point, which merely reinforces my feeling that the amendments, as well as representing a serious political compromise, offer a practical way forward.

Mr. Love: Does the hon. Gentleman see any contradiction between his party's position in respect of a democratically elected second Chamber and the fact that these so-called compromise amendments result from the fourth opportunity that the House of Lords has taken to ask the House of Commons to change its mind?

Mr. Clegg: The other place is entirely within its rights in rejecting an attempt by the Government to impose compulsion by stealth in the name of voluntarism. The nub of the problem is that every Member of both Houses is being asked to indulge in doublespeak whereby "voluntary" mutates into "compulsory". Surely they are within their rights in saying that that will not happen in their name.

The final merit and virtue of the amendments is that they would allow the electorate to have another look at the issue, and to judge whether the Government have been straightforward in their acrobatics. As I have said, the commitment in Labour's last manifesto to a voluntary introduction of identity cards has miraculously re-emerged as an introduction of identity cards by compulsion. If the Government accepted the amendments, at least the voters would be able to decide what is voluntary and what is compulsory. I hope that common sense would prevail when they read the extraordinarily ambiguous doublespeak in that manifesto.

Simon Hughes (North Southwark and Bermondsey) (LD): I speak as one who has been implacably opposed to identity cards throughout his political life. Is not the great benefit of these proposals that if the Government insisted that they wanted to introduce the cards, they would have to go to the country with an absolutely clear proposition, given the trouble that they have got into in the past year? Meanwhile, the rest of us could go to the country with an entirely different proposition. It could become a real issue, with the public realising that there was a real choice, and—I would hope—it could provide another very good reason for the public to reject an increasingly authoritarian Government.

Mr. Clegg: My hon. Friend makes an excellent point. Giving voters the opportunity to make up their own minds at the next general election is a more democratic and accountable way of resolving this issue than resorting to the semantics to which this Government have subjected us for so long.

The Home Secretary is insisting on rejecting amendments that, as I have tried to explain, are serious in their political intent, and which are real, practical compromises that are better than any of the alternatives. In the absence of any clear justification for such rejection, I join those who urge Members in all parts of the House to support Lords amendments Nos. 22G and 22H.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): When the Conservatives cry "Freedom!", it usually means one of two things: either the French are about to invade us, or the Conservatives cannot rely on their arguments, which are usually quite weak on such issues. Having listened to the hon. and learned Member for Harborough (Mr. Garnier), I believe that today is a case of the latter. He and the hon. Member for Sheffield, Hallam (Mr. Clegg) have made a great deal of what was said in the Labour party manifesto. I do not intend to go too far down that road, but it seems that the Lords' justification for continuing to delay this process is that the manifesto in some way contradicts the Bill. The hon. and learned Member for Harborough quoted the words that he thinks are ambiguous, and the hon. Member for Sheffield, Hallam accused us, in relying on those words, of indulging in semantics. The quotation that the hon. and learned Member for Harborough gave—it was an accurate one—is that the scheme will be introduced

"on a voluntary basis as people renew their passports."

Simon Hughes: On a "voluntary" basis.

Mr. Howarth: Yes, as people renew their passports. As I said when we debated this issue just over a week ago, the voluntary principle is based on the idea that people voluntarily take out a passport. *[Interruption.]* There is no compulsion. *[Interruption.]* I accept that there may well be very good reasons why people need to have a passport, but the process itself—

Madam Deputy Speaker: Order. Does the hon. and learned Member for Harborough (Mr. Garnier) wish to make an intervention.

Mr. Garnier: No, Madam.

Mr. Howarth: If the hon. and learned Gentleman did wish to make an intervention, I would gladly accept it, but he obviously does not have a point to make.

Mr. Garnier: It is an old filth's trick to quote selectively. The right hon. Gentleman has accepted that my quotation was accurate. If he reads the whole of the passage that I referred to, it is quite clear that the voluntary roll-out refers to the introduction of the ID card scheme. Nobody in their right mind could possibly argue the case that he is arguing; he really ought to apply his mind to the whole of the phrase used.

Mr. Howarth: I have read the whole of that section of the manifesto; in fact, I took the trouble to read it before the general election, and I would have supported a compulsory scheme in any event. The hon. and learned Gentleman has repeatedly selectively quoted from the manifesto, purely to justify the ongoing ping-pong with

another place over that passage's precise meaning. There is no justification for his continuing to do so, and still less for an unelected House's continuing to do so.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Will the right hon. Gentleman give way?

Mr. Howarth: No; if I conclude my remarks, somebody else might be able to speak; indeed, the hon. Gentleman might be able to.

The second game of semantics that the hon. and learned Member for Harborough engaged in today involved quoting my right hon. Friend the Prime Minister when he was shadow Home Secretary in the 1990s, saying that he was opposed to the introduction of an identity cards Bill. The implication is that my right hon. Friend changed his mind on this issue when he came into government. That is partly true, but it was not true between 1997 and 1999, when I was a junior Home Office Minister. I have good reason to know that my right hon. Friend the Prime Minister was still opposed to the introduction of identity cards during that period. Opposition Members must ask themselves what has happened in the meantime to make him and my right hon. Friend the Home Secretary believe that the time is now right for their introduction.

The world has changed enormously since that time. We have seen huge changes in mass migration around the world, and the rise of Islamist terrorism. The events of 9/11 constituted the worst example of that terrorism, and last summer's London bombings the most recent. That is why people feel that the time is right to introduce identity cards.

It stretches the imagination too far to claim that my right hon. Friends the Prime Minister and Home Secretary want to introduce identity cards for a reason entirely different from what has been claimed. The world has changed and, for my part, I would support the introduction of compulsory identity cards. However, the proposals in the Bill will at least give us an opportunity to challenge people to prove that they are who they say that they are.

5.45 pm

Mr. Cash: In respect of the process of discussion involving the Lords and the Commons, I have observed that, although we in this House sometimes get cut out on the pong, we occasionally get an opportunity to speak on the ping.

I want to put it on record that I object strongly to the compulsory aspect of the Bill. Like my hon. Friend the Member for Buckingham (John Bercow), I voted on Second Reading in the absolute certainty that that was the wrong way to go. This is a constitutional issue of the first order, and I believe that the Government, if they are intransigent on the matter, must use the Parliament Acts to get their proposals through.

The hon. Member for Sheffield, Hallam (Mr. Clegg) said that the electorate should decide this matter, and that that the Lords will not insist on the amendment proposing that the introduction of identity cards should be held over until 31 December 2011. If he is right—and we on the Back Benches are not privy to those discussions—the effect will be to allow the voluntary arrangements to go through.

Mr. Clegg: The hon. Gentleman is mistaken. The amendments are crystal clear, and would defer the power to identify designated documents until 31 December 2011—in other words, until after the next general election.

Mr. Cash: I still have grave reservations about the infringement of the principle involved.

The Bill will mean that some people will be affected by the compulsory arrangements, while others will be covered by the framework of the provisions that the hon. Gentleman has just described. I belong to yet another group of people, as I have just applied for a new passport and driving licence to replace documents that were stolen. It appears that I would be outside the arrangements, either way. The provisions in the Bill deal with terrorism and other very important matters, so it is invidious that certain elements of the population will be covered by the proposed arrangements, and that others will not.

I end by saying that, for me, the bottom line is that the Government's proposals amount to an unsatisfactory and hybrid compulsory arrangement that we ought to reject. In the House of Lords, the question of the Salisbury convention was disposed of by Baroness Anelay, and the Home Secretary did not mention it again today. A principle of huge constitutional importance lies at the heart of the Bill. I shall be voting against the proposals, as I believe that they should be resisted at all costs.

Mark Fisher (Stoke-on-Trent, Central) (Lab): I think that Members on both sides of the House agree that it is not satisfactory continually to be debating this matter. This is the third time in the course of the past week. The Home Secretary must accept that there is a strong feeling on both sides of the House and both sides of the argument that this is, essentially, a surrogate compulsory Bill and we need to clarify that. Those of us who believe that the scheme should be voluntary should have the chance to put their case and the Home Secretary, who I think in his heart believes in a universal, compulsory card, should clarify that.

We have to find a compromise. Over the past week, the other place has come up with different suggestions. With amendments Nos. 22G and 22H, it has provided yet another one. I do not think that this suggestion—I am talking about the delay—is one of their better ones, but it is an attempt to find a compromise. As the hon. Member for Sheffield, Hallam (Mr. Clegg) said, it has some merits. It would allow a little more time to assess how the scheme is proceeding and it would give the public the opportunity to consider the matter again. As democrats, how can we resist either of those things? I would prefer Lord Armstrong's suggestion of an opt-out clause, but there are other compromises, as well.

In the case of all those compromises, we have not yet had any movement from the Government. If they want to resolve the matter, as they should and as they must, they must make some gesture. The idea of negotiations across the two Houses and across the Chamber requires

[Mark Fisher]

both sides to show some flexibility. The Under-Secretary of State for the Home Department, my hon. Friend the Member for Leigh (Andy Burnham) is murmuring on the Front Bench.

Mr. Charles Clarke: The fact is that the Government have made a large number of compromises, not least, for example, in relation to having full-scale primary legislation before going compulsory. A whole string of them relate to cost. We have been compromising all the way.

Mark Fisher: Not in the past week. The Home Secretary is understandably complaining that the other place and those of us who support it in its amendments are being perverse and stubborn, but, in the past week, the Government's position has not moved.

Mr. David Heath (Somerton and Frome) (LD): Is it not at least arguable in constitutional terms that the other place is preserving the principle of the Salisbury convention by holding the Government to the manifesto promise that the ID card would be voluntary?

Mark Fisher: There are all sorts of variations on who is being more flexible. The truth is that there is a difference of opinion between having a low-tech, low-cost voluntary card and a high-tech, high-cost compulsory card that is rooted in the register. The House and the public ought to have the chance to resolve that. This way of trying to nudge up to and sidle round a compromise is not satisfactory. Let us get to the nub of the question. If the Home Secretary will not enable us to do that, he must come up with some movement himself. I will certainly vote against the motion again tonight and I hope that the other place votes accordingly and that we will return to the matter later this week. I hope that, by that stage, the Home Secretary will have had second thoughts and found some measure of flexibility in his position.

It being one hour after commencement of proceedings, MADAM DEPUTY SPEAKER *put the Question, pursuant to Order [13 February].*

The House proceeded to a Division.

Madam Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 284, Noes 241.

Division No. 198] **[5.53 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blair, rh Mr. Tony
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hewitt, rh Ms Patricia
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lewis, Mr. Ivan
Lloyd, Tony
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian

McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morden, Jessica
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Mr. Alan Campbell and Tony Cunningham

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Conway, Derek
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fisher, Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hoey, Kate
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Glenda
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Marshall-Andrews, Mr. Robert
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rowen, Paul

Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Short, rh Clare
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Strang, rh Dr. Gavin
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Angela Watkinson and
Mr. Henry Bellingham

Question accordingly agreed to.

Lords amendments Nos. 22G and 22H disagreed to.

Committee appointed to draw up Reasons to be assigned to the Lords for disagreeing to certain of their amendments to the Bill: Mr. Nick Clegg, Mr. Edward Garnier, Mr. John Heppell, Mr. Tony McNulty and Mr. Khalid Mahmood; Mr. Tony McNulty to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Mr. Heppell.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

LONDON OLYMPIC GAMES AND PARALYMPIC GAMES BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme motions),

That the following provisions shall apply to the London Olympic Games and Paralympic Games Bill for the purpose of supplementing the Order of 21st July 2005:

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion two hours after their commencement at this day's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any further question being put.

3. The proceedings on any further message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Kevin Brennan.]*

Question agreed to.

London Olympic Games and Paralympic Games Bill

Lords amendments considered.

Clause 20

REGULATIONS: SUPPLEMENTAL

Lords amendment: No. 1.

6.15 pm

The Minister for Sport (Mr. Richard Caborn): I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker (Sylvia Heal): With this we may discuss Lords amendments Nos. 2 to 10.

Mr. Caborn: I shall be advising the House to accept all the amendments made in the other place. They were all tabled by the Government, following some high-quality debate and strongly made points on both sides of the House.

The Bill has benefited from broad cross-party support throughout its passage. We improved the Bill in this House and can improve it further today by accepting the amendments made in the other place. I genuinely thank Opposition parties for their broad support and I thank Members for their positive engagement with the Bill, which has helped to prepare it for Royal Assent just nine months after Jacques Rogge, the president of the International Olympic Committee, opened that envelope—with some difficulty—in Singapore last July and said that wonderful word "London".

Since then, we have been getting on with the preparatory work. We have started the Olympic park, and key personnel are already in place in both the London Organising Committee for the Olympic Games and the Olympic Delivery Authority. I am delighted that this important Bill has progressed so swiftly.

Amendments Nos. 1 to 10 all relate to the people whom the Secretary of State must consult when making regulations under clause 19, which will control advertising in the vicinity of games venues, and under clause 26, which will control street trading in the vicinity of venues.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Does my right hon. Friend agree that the success of the Commonwealth games means that it is even more important that we get those provisions right, because there will obviously be much more media and advertising interest in making the Olympics a success? Will he congratulate all those who have won medals so far, especially Loughborough, which seems to be fifth in the medal table?

Mr. Caborn: I could not agree more—*[Interruption.]* My hon. Friend the Member for Cardiff, West (Kevin Brennan) tells me that Welsh swimmers are doing incredibly well, too. I realise that I am digressing, Madam Deputy Speaker, but I am sure that you, like me, welcome the fantastic performance of our team in Melbourne and hope that it continues until the end of

the week. It is nice to see headlines in the Australian press that we whacked the Australians in the swimming pool as well.

As Members will recall, this House debated advertising and it was debated again at length in the other place. The debate focused on whether we should put a requirement on the face of the Bill for the Secretary of State to consult the advertising industry and anyone else likely to be affected directly by the regulations under clauses 19 and 26. Members will remember that I gave unequivocal assurances that the advertising industry would be consulted. Those assurances were echoed in the other place. However, Members will be aware that we have been very much in listening mode during the Bill's passage and, as a result, I am pleased that the Government brought forward an amendment in the other place, which addresses the concerns of Members and the industry, and gives a statutory basis to the commitments that I have already given.

I draw Members' attention to the fact that the amendments address the comments made by the Delegated Powers and Regulatory Reform Committee in its report on the Bill of 15 December. The Committee commented on the need for organisations representing those affected by either the advertising or street trading regulations to be consulted. The amendments mean that representatives will be consulted where interested persons are affected by the regulations.

I shall deal briefly with the detail of the amendments. Amendment No. 3 ensures that the advertising industry, and anyone else who may be affected by the regulations that will control advertising in the vicinity of games venues, will be consulted as the regulations are being drawn up. Amendment No. 8 ensures that those likely to be affected by regulations under clause 26, controlling street trading in the vicinity of venues, will similarly be consulted.

The remaining amendments in the group make minor and consequential changes, and I commend them to the House.

Hugh Robertson (Faversham and Mid-Kent) (Con): I, for one, am extremely encouraged that we are all here. On Third Reading, I said that, although the Bill is not lengthy in parliamentary terms, it is, in fact, quite complex—setting up a de facto regional development agency in the Olympic delivery authority in its first half and establishing the ground rules of the marketing of the commercial media rights in the second. The Minister agreed about that then and looked at me, possibly a little ruefully, over the Dispatch Box. Indeed, subsequent events have proved that right. Given the fact that these are difficult and technical issues, I am delighted that they have been ironed out during the parliamentary process and that the Bill is back with us tonight.

The time interval between winning the bid on 6 July and the first publication of the Bill on 14 July was extraordinarily short, even allowing for the fact that much of the preparatory work had obviously been done. Given the Bill's technical nature, which I have already acknowledged, it is a very considerable achievement on behalf of all those responsible for drafting the Bill—LOCOG, the British Olympic Association and, of course, the Department for Culture, Media and Sport—that the list of amendments is so short. May I therefore genuinely ask the Minister—I mean this absolutely seriously—to pass on my thanks to all those who were involved?

In the other place, my noble Friend Lord Glentoran said:

> "If democracy in this country could run on the sorts of lines that we have debated in this particular Bill, this country would be a better place".—[*Official Report, House of Lords*, 14 March 2006; Vol. 679, c. 1210.]

Fabulous, is it not? I wholly agree. The process of parliamentary scrutiny has genuinely made this a better Bill. I am told that the Sydney games needed four Bills, and I suspect that, as the games progress, a number of other issues will benefit from parliamentary scrutiny. I hope therefore that the Government will be encouraged by their experience with the Bill and that, as a result, they will involve Parliament closely, as the process develops. That is crucial to maintain the cross-party consensus that has characterised both the bid and the Bill.

All four groups of amendments before us tonight were introduced as a result of concerns first raised in Committee and subsequently by our Front-Bench spokesman in the other place, and I should like to record my thanks to Lord Glentoran for the part that he played. Unsurprisingly, all four groups of amendments therefore enjoy my support.

This the first group of amendments mandates the Secretary of State to consult the relevant industry bodies before regulations on advertising and street trading are drawn up. The Minister agreed to that principle in Committee, but it will now be given statutory force. Clearly, it is eminently sensible to involve the industry closely at every stage and for that requirement to have statutory force, and we all want consultation, rather than prescription, to characterise the delivery of the games. This group of amendments, therefore, has our full support.

Mr. Don Foster (Bath) (LD): I am delighted that the Minister introduced this string of amendments and, quite rightly, used it as an opportunity to praise all our athletes for their successes in the Commonwealth games. Reference has already been made to the rivalry between Bath and Loughborough. Of course, the Minister will be well aware of where our swimmers were, in the main, trained—and it was not Loughborough.

Chris Bryant (Rhondda) (Lab) *rose*—

Madam Deputy Speaker: Order. I hope that the hon. Gentleman's intervention will relate to the amendments.

Chris Bryant: I am very grateful to you, Madam Deputy Speaker, for your advice. I was going to say that, when considering the advertising of the Olympics in 2012, I hope that the hon. Gentleman will bear in mind that not just English images should be used. David Davies—not the right hon. Member for Haltemprice and Howden (David Davis), nor the hon. Member for Monmouth (David T.C. Davies)—won by nearly a full length, and he was not trained anywhere near Bath or Loughborough.

Mr. Foster: The hon. Gentleman is right to suggest that, on the important matter of advertising, we do not

[Mr. Foster]

want people to use ambush marketing on the pretence that someone came from their area when that was not true. Of course, he rightly reminds us that the success in the Commonwealth games to date has come from all the home countries, and we should rightly applaud all those who are involved.

The Minister rightly made the point in introducing this string of amendments that the Bill has received a great deal of cross-party support. These proceedings are rather like the marathon runner who can find the extra energy to sprint at the end of a long race: we have the opportunity to make some important improvements during the Bill's final stages, as a result of the cross-party consensus.

The Minister is well aware of the history; it has been referred to already. Much of what we are debating now is based on ideas that were first suggested by the hon. Member for Faversham and Mid-Kent (Hugh Robertson) and myself in Committee, when the Minister was not prepared to accept an addition to the list of consultees in the Bill, particularly in relation to the advertising industry, notwithstanding the fact that the proposal was modelled on the Gambling Act 2005, which the very same Minister had taken through the House only a few months earlier. None the less, he was not prepared to accept that proposal. The Bill then went to another place for debate, and we were all eventually delighted that the Government were willing to accept that the advertising industry should become a statutory consultee.

Although I clearly welcome these amendments, because they are based on proposals that originally came from Liberal Democrat and other Opposition Members, I want to raise an issue with the Minister nevertheless. We are considering the important issue of ambush advertising and marketing, and it is crucial for the House to accept that such things can happen and that we must guard against them for obvious reasons, to protect the Olympic symbol from its unwanted use in advertising.

We therefore accept not only the need to take rapid action, as people propose novel ideas for ambush marketing, but the need for rapid consultation. That is all accepted, so it is important to take account of the fact that, only yesterday, the Joint Committee on Human Rights commented on that aspect of the Bill in its seventh report on legislative scrutiny. On page 6 of that report, on the procedures that might be adopted, it said:

"Ordinarily this would be the occasion for adverse comment from our Committee".

It went on to point out that it would not make such adverse comments, because of the special circumstances of the Olympic and Paralympic games. However, it made a strongly worded recommendation. It said:

"We consider it, however, all the more important that the explanatory memorandum which accompanies the regulations when they are made provides a detailed explanation as to why in the Secretary of State's view the restrictions on advertising are compatible with the rights identified above".

The Committee was obviously referring to human rights.

It is crucial that the Minister use this opportunity to give absolute assurances that the regulations, when published, take account of the Joint Committee's recommendations. With that said, I, like the hon. Member for Faversham and Mid-Kent, am delighted to accept these Lords amendments.

Lords amendment agreed to.

Lords amendments Nos. 2 to 10 agreed to.

Schedule 3

OLYMPIC SYMBOL PROTECTION

Lords amendment: No. 11.

Mr. Caborn: I beg to move, That the House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this we may discuss Lords amendments Nos. 12, 13 and 18 to 20.

Mr. Caborn: The thanks that the hon. Member for Faversham and Mid-Kent (Hugh Robertson) gave to my staff and all those who worked on the Bill will be passed on. They have done an excellent job not just on the Bill, but in keeping Opposition Members informed and, indeed, in considering and acting on many of their comments, and rightly so. Those thanks will be conveyed to all those concerned.

We will consider the Joint Committee recommendations that were referred to by the hon. Member for Bath (Mr. Foster) and incorporate them in the explanatory memorandum. That should be available when the Bill receives Royal Assent, which, I hope, will be early in April or even towards the end of this month.

6.30 pm

This group of amendments gives greater clarity as to how the London Olympics Association right affects publishers and broadcasters. The Bill had always provided for exemptions from the London Olympics Association right for people who broadcast reports or published information about the 2012 games. These amendments provide greater clarity and certainty for publishers and broadcasters that their activities will not be adversely affected by the new association right.

Our intention throughout has been to ensure the absolute freedom of the press to report about, or indeed comment on, the Olympic games and the Paralympic games. The amendments provide important clarification of that position, but in creating an "editorial or journalistic" exemption, we needed to ensure that we did not unwittingly create a situation that advertisers and those who seek to ambush the games could exploit. That is why the journalistic exemptions in the original draft of the Bill contained the phrase "necessary incident". That phrase caused the publishers and broadcasting industries considerable concern, and I am happy that we were able in the other place to table amendments that addressed that concern.

We have found a form of words that provide comfort to the publishers and broadcasting industries that their activities will not be unfairly affected by the Bill, but that also ensure that advertising material that is published at the same time as, or in connection with, a report or information about the games will not have an "editorial" exemption behind which to hide.

I think that both sides of the House have always been in agreement about what this provision should achieve—ensuring the freedom of the press in relation to the 2012 games. I think these amendments achieve that without creating a loophole that advertisers who seek to ambush the games could exploit. While the issue came up in debate on the provisions in schedule 4, it applies equally to the Olympics association right as well. That is why we have made identical changes to schedule 3, which amends the original Olympic symbol legislation.

I hope that hon. Members agree that these changes improve the Bill and that they will be prepared to accept the amendments that their lordships have made.

Hugh Robertson: As the Minister has said, this group of amendments addresses concerns raised by the broadcasting and newspaper industries and taken up by both Opposition parties both here and in the other place. On Report in this House, the issue was raised at a fairly late hour so I am delighted that it has now been properly addressed.

There was a justifiable concern that wholly legitimate and acceptable broadcasting and journalistic activity could—I say only "could"—be caught by the advertising regulations, and there was particular concern about the term "necessary incident". This group of amendments addresses that concern, exempts publishing and broadcasting reports and information about the 2012 games from infringing the London Olympics Association right and gives the exemption statutory force on the face of the Bill. As you might expect, Mr. Deputy Speaker, this group of amendments therefore has my wholehearted support.

Mr. Don Foster: There is no doubt that this is a welcome group of amendments. As the hon. Member for Faversham and Mid-Kent (Hugh Robertson) and the Minister have said, there was from the beginning concern from the newspapers and broadcasters about the original provision. It is worth recalling what the Newspaper Society said in its letter to members of the Standing Committee. It stated:

"For a statutory body to have any role in determining the content of a newspaper's editorial material would be without precedent and would represent an utterly unacceptable incursion into the freedom of the press, and a breach of the Human Rights Act 1998 as being contrary to Article 10 of the Convention."

Similar concerns were expressed by many other bodies.

As a result, I tabled a number of amendments in Committee initially to expand the safeguards to cover criticism and review in addition to reporting. That was considered inadequate. At a later stage, I proposed that the provision include "any editorial usage" without limitation. That, too, was rejected by the Minister. In another place, my noble Friend Lord Clement-Jones, who is the Front-Bench spokesman for the Liberal Democrats, proposed an amendment that would have deleted the words "as a necessary incident of" and inserted the phrase "in the course of". Sadly, that too was rejected. However, I am delighted that we now have a Government amendment that deletes the words "as a necessary incident of" and inserts not the phrase "in the course of", but merely the word "in". That is clearly briefer, but makes exactly the same point. It is very similar to the amendment tabled by my noble Friend Lord Clement-Jones, so it is hardly surprising that we fully support it.

Justine Greening (Putney) (Con): I briefly wish to take the opportunity to add my support to the amendments. We all recognise that, although some people will get to watch the Olympics live, most people even in my constituency of Putney, which is close to where some of the events will take place, will watch the games on television in the same way that we now watch Wimbledon on television. To be able to iron out the concern described is a real achievement. I am very pleased that we have been able to do it.

Lords amendment agreed to.

Lords amendments Nos. 12 and 13 agreed to.

Schedule 4

LONDON OLYMPICS ASSOCIATION RIGHT

Lords amendment: No. 14.

Mr. Caborn: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this we may discuss Lords amendments Nos. 15 and 16.

Mr. Caborn: This group of amendments relates to the status of the words and phrases listed in schedule 4. In debate, both here and in the other place, considerable concern was expressed about the "evidential burden" that we had created in relation to schedule 4. The evidential burden would have meant that the use in combination of the words and phrases listed in paragraph 3 of the schedule would, in the absence of any evidence to the contrary, have been treated as constituting an association with the London Olympics. Although the burden was a light one, by which a defendant had to produce any evidence that an association had not been made, to shift the burden back to LOCOG to prove its case, we have listened to what has been said during the Bill's passage and have taken the opportunity to amend it by removing the evidential presumption.

We still feel that the list of words and phrases in schedule 4 is important in helping the public to understand what sort of activity may create an association with the London games, but we appreciate the concerns that have been expressed about the position in which we would have been putting advertisers and businesses by virtue of an evidential presumption.

The amendments will remove the evidential presumption attached to the use of the words and phrases listed in paragraph 3. Instead, we have suggested that when considering whether the London Olympics Association right has been breached, the courts would be able to consider, in particular, whether the defendant had used a combination of the words and phrases listed in schedule 4.

I hope that hon. Members will be able to support this approach. It removes the evidential presumption about which both Houses had expressed concerns, but retains in the Bill the list of words and phrases that provides greater clarity for the public about what the association right is about, and allows the court to take into account

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the use of those words and phrases when deciding whether someone has infringed the association right. I hope that the House will accept the amendments.

Hugh Robertson: The amendment addresses the use of presumption, in that a person is "presumed" to have infringed the London Olympics Association right by using any of the words listed in the Bill. It has become known, slightly unfortunately, as the reversal of the presumption of innocence, and it was one of the most controversial aspects of the original Bill.

As the Minister has said, we debated the issue at length both in Committee and on Report, and I warned him on Third Reading that I thought that it would cause problems in the other place.In Committee we discussed the defences that were available in the original Bill and the fact that the approach was consistent with Sheldrake *v.* DPP and the Town and Country Planning Act 1990. However, concerns remained, focused mainly on two areas: first, the fact that it is a basic principle of English law that one is innocent until proven guilty, and the regulation at least seemed to contravene that principle; and secondly, the fact that the Bill seemed to weight the dice firmly in favour of LOCOG.

We all accept that the marketing of major international sports events is now in a new era, and organisers demand exclusivity to derive the most commercially advantageous sponsorship deals. As a quid pro quo, we all accept that some of the money finds its way back to the grass-roots development of sport. I wholly agree with that principle. However, it is important to strike a balance so that the enforcement of the measures is not unduly heavy-handed.

The amendments represent a good compromise. LOCOG gets the exclusivity that it requires and the security of knowing that the regulations will take effect on Royal Assent, while on the other side of the fence, the industry gets some measure of protection from over-zealous enforcement. I therefore have no hesitation in agreeing to the amendments.

Mr. Don Foster: I, too, am delighted to say that we will support the amendments. This matter caused great concern during the passage of the Bill. I said in Committee that at the very least the presumption of liability, if not of guilt,

"goes against what everyone in this country and certainly our courts holds dear: the principle of innocence until proven guilty."

When the matter was first raised, the Minister said:

"it is appropriate, and indeed proportionate, that the burden of proof falls on the defendant in this case."

We argued strongly that the Government's view was incorrect, but the Minister tried to justify it by saying:

"we are not going after the little granny who owns the sweet shop at the bottom of the road, in order to haul her before the courts. That would be crazy."—[*Official Report, Standing Committee D,* 18 October 2005; c. 94–97.]

However, as the hon. Member for Faversham and Mid-Kent (Hugh Robertson) has rightly pointed out, it is crucial that we realise that we will be dealing not only with the little granny, but with local sports clubs and community bodies, which need protection.

I was genuinely delighted that although the Government failed to accept amendments tabled in this place, progress was made when the Bill got to another place and was in the hands of my noble Friend Lord Clement-Jones. I noted with interest that Lord Davies of Oldham described himself as quailing in the face of Lord Clement-Jones on the matter. It was good to note that after Lord Davies had listened to my noble Friend's argument, he was willing to accept it and move an amendment with wording similar to that tabled by my noble Friend.

I am sure that the amendments will be accepted today, but I hope that the Minister will give thought on another occasion to the outstanding question of LOCOG's status in respect of freedom of information legislation. He will be aware that LOCOG is exempt from such legislation because it is a private body. I accept entirely that confidential business matters need to be protected, but that legislation already protects them. Although LOCOG will not be covered by freedom of information legislation, I hope that it will operate as if it was covered by that legislation, because it is important that there be absolute transparency whenever it acts and makes decisions, especially on the matter that the amendments address. Let me end as I began, by saying that I am delighted that we are considering amendments to the most controversial bit of the Bill and that we have found a satisfactory situation to the problem.

6.45 pm

Mr. Andy Reed (Loughborough) (Lab/Co-op): I add my congratulations on the way in which this issue has been dealt with, which demonstrates that there has been cross-party support for getting the wording right throughout the Bill's passage. Opposition Members were right to raise the matter in Committee because the Bill would have somewhat shifted the presumption on the evidence, although we also realised that there was a real need to prevent ambush marketing. The headline-grabbing words in the Bill made it difficult to escape that thought. The idea that we could ban the use of the word "summer" in a whole variety of contexts, which was suggested by paragraph 3(4)(g) of schedule 4, caused consternation outside the House—although those of us who were involved in the Bill's passage, LOCOG and others realised that we wished to prevent the use of a combination of phrases and words, such as "2012" and "the games", for commercial purposes.

I want reassurance from the Minister about a matter raised by the hon. Member for Bath (Mr. Foster). Will he ensure that there is sufficient flexibility for amateur sports clubs and associations and county sports partnerships throughout the country? For example, in Leicestershire the county sports partnership and others are trying to organise 2012 fun runs from now right through to the time of the Olympics. We want an assurance that no such projects will ever be caught, because they are intended not to make a commercial profit out of the games but to encourage people to participate. They are intended to encourage mass participation in sport throughout the country by garnering enthusiasm for the 2012 Olympics.

We have made the right move by trying to reassure people outside the House that the presumption is not the wrong way round, and that the presumption of innocence exists. However, the regulations will still be

sufficiently tough to address those who wish to profit from the games. We should not underestimate the fact that many people will want to ride on the back of the success of the Olympics, especially as we run up to the games in 2010 and 2011. If we allow that to happen, it might jeopardise the commercial success of the Olympics and the money that we need to generate through big sponsors to pay for the games. It is thus important that we get this aspect of the Bill right. On reflection, we now have perhaps the best possible way forward, so I congratulate all who have been involved on finding the solution.

Mrs. Maria Miller (Basingstoke) (Con): I welcome the amendment on evidential presumption, because the matter caused a great deal of debate in Committee. However, I wish that the amendments went further, especially on the terms of infringement.

As we predicted in Committee, the list of prohibited words and expressions is starting to cause problems for several organisations. Such organisations wish to support the games and ensure that they are a success for the whole country. An organisation in my constituency called Basingstoke 2012, which was set up to promote Basingstoke as a site for an Olympic training team, has already fallen foul of the rules, and I believe that other organisations throughout the country are experiencing similar difficulties. The problems are of such an extent that my local paper, the Basingstoke *Gazette*, is running a competition to rename the organisation. In the meantime, the organisation is being called "Basingstoke 2011 plus one" to try to get round the problem. The situation is a little reminiscent of what we were discussing in Committee, so I hope for further reassurance from the Minister that organisations that wish to support the success of the games for the betterment of the country will not fall foul of the measures.

Lords amendment agreed to.

Lords amendments Nos. 15 and 16 agreed to.

Lords Amendment: No. 17.

Mr. Caborn: I beg to move, That this House agrees with the Lords in the said amendment.

I have heard the comments made by the hon. Member for Basingstoke (Mrs. Miller), and I shall speak to LOCOG about that matter. As she knows, LOCOG will start any prosecution and take a view on such issues. We will give further consideration to freedom of information, and although the issue should not be addressed in the Bill, I have heard the point made by the hon. Member for Bath (Mr. Foster).

Like other amendments that we have debated today, Lords amendment No. 17 was introduced following debate in this House and the other place. It makes it clear that before altering the list of words and phrases in paragraph 3 of schedule 4, the Secretary of State shall consult the advertising industry, advertising regulators, LOCOG and anyone else whom she thinks appropriate. The amendment is similar to those that we have already discussed in relation to the advertising and street trading regulations, and again, we have listened to the concerns expressed by the industry and on both sides of the House. The amendment provides on the face of the Bill greater assurance for the advertising industry that it will be consulted on provisions that may affect its day-to-day business. I think it unlikely that the list of words and phrases in schedule 4 will change, but hon. Members will appreciate that if damaging ambush marketing takes place between now and 2012, the Secretary of State must retain the right to alter that list.

Mr. Don Foster: Does the Minister agree that there would be another possible reason for a change if the IOC changed the technical manuals, in which case the Secretary of State would have no choice other than to change the wording?

Mr. Caborn: That is right. The IOC could make such a change, perhaps in response to an international issue, in which case the amendment would give us the necessary flexibility. We must retain the right to make a change in order to provide greater clarity both to the courts and to the public about what sort of activity is likely to create an unauthorised association.

We should also bear in mind that the Bill provides for the Secretary of State to remove words from the list, if legitimate business is stifled as a result of the provision in schedule 4. As a result of the amendment, the Secretary of State "shall consult" persons who will be affected by changing the list of words. The amendment specifies that appropriate consultation will take place with the advertising industry, advertising regulators, LOCOG and others. I am happy to advise the House to accept the amendment, which includes some of the commitments that we have made during the Bill's passage through Parliament.

Hugh Robertson: As the Minister has said, the amendment gives statutory force to the requirement to consult the advertising industry, its regulators and LOCOG. Once again, it returns to an issue that was discussed at length in Committee and on Report in this House and in the other place. It recognises the concerns of the industry and strengthens the requirement to consult, and therefore has my full support.

As the Bill leaves this House and Parliament for Royal Assent, may I place on the record my view that it is a considerable achievement for Parliament to have got such a complicated but important Bill on to the statute book in so short a time? I have already paid tribute to civil servants for their work—I do so again now—and I also pay tribute to those at LOCOG and the British Olympic Association who have been involved with the Bill. The Bill has also been an excellent advertisement for the benefits of parliamentary scrutiny and cross-party co-operation. I hope that the Government will do everything in their power to ensure that that continues as we move towards 2012, and if they do so, they will have our wholehearted support.

Mr. Foster: Like the hon. Member for Faversham and Mid-Kent (Hugh Robertson), I am delighted that we have seen this final change of heart by the Government on this important issue. I am also delighted that we will now see on the face of the Bill some of the things that a number of hon. Members have requested for quite a long time.

As I said when we discussed the first group of amendments, we must accept that sometimes there will be a need for rapid change in the light of clever techniques

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used by advertisers. However, it is equally important that before any rapid change takes place, whether because of an incident or because of a request from the IOC, the consultation to which the amendment refers should take place. That may be difficult, because advertising is often planned a long time in advance, which involves the investment of a lot of money. I can foresee a number of difficulties, which is why I am pleased that the amendment includes not only consultation with the advertising industry but a requirement to consult those who regulate the advertising industry, which is a crucial addition.

It is worth reflecting that this is the only amendment that appears to have come almost out of nowhere. When other amendments were debated in the Lords, there was agreement that the Government accepted the principle and would come back with their own amendment. When this provision was debated in Committee in the Lords on 15 February, however, it was rejected outright, and the Government said that they were not interested in implementing it. Suddenly, lo and behold, the Government introduced the provision on Report on 16 March. None of us is sure what caused their change of heart, but whoever persuaded them—on this occasion it was not Lord Clement-Jones—they did a good job and deserve congratulation.

Like the hon. Member for Faversham and Mid-Kent and the Minister, I think that both Houses of Parliament can be inordinately proud of themselves for the way in which we have handled this Bill, which is the crucial legislation for the important 2012 Olympic and Paralympic games. All of us have been extremely well served by the Minister's staff, Department of Culture, Media and Sport civil servants and a wide range of lobbying groups. The lobbying groups have advised hon. Members on both sides of the House, which has enabled amendments to be tabled that have made the Bill much better than it was when it came before us a few months ago.

John Bercow (Buckingham) (Con): Let them take a bow.

Mr. Foster: The Minister certainly deserves to take a bow. He has worked hard on the Bill, and he has been willing to listen to the arguments and make concessions. All those involved deserve praise for what is now an excellent Bill, which will help us to deliver excellent Olympic and Paralympic games in 2012.

Lords amendment agreed to.

Lords amendments Nos. 18 to 20 agreed to.

Managed Migration

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. McNulty.]*

6.58 pm

The Minister for Immigration, Citizenship and Nationality (Mr. Tony McNulty): I am delighted that we are discussing the important proposals on the new points-based system for managed migration, which were published the other week. In the first instance, I wanted to ensure that we had a debate—we tried to secure a debate in Westminster Hall, but that did not happen for various reasons, so I am enormously grateful that one is being held on the Floor of the House.

A proper, grown-up, substantial, mature debate on migration is long overdue in British politics in general and in this Chamber in particular. When we launched the document last week, I remembered that one of my predecessors in this role, the former hon. Member for Hornsey and Wood Green, had the temerity to try to get up a substantive debate on managed migration in the press. She was royally chewed up and spat out by the press and the political establishment, one and all, for having the temerity to suggest that economic migration might be a good thing rather than otherwise. I think and hope that we have come a long, long way and that the points-based system that we presented last week is part of that process. I hope, too, that we have come a long way from the situation that pertained at the general election. At the risk of boring the House, may I repeat that the Opposition should be thoroughly ashamed both of the views that they expressed and of their conduct?

Justine Greening (Putney) (Con) *indicated dissent.*

Mr. McNulty: I will exempt the hon. Lady, because I read her leaflets from start to finish, and they never mentioned immigration. She rightly concentrated on four of the five pledges in her inner London seat. It is not appropriate, in a general election or at other times, to publish the ignorant phrase,

"Which part of 'Send them back' don't you understand, Mr. Blair?",

and expect it to be treated as a serious contribution to public policy debates on asylum or immigration. It is not clever to talk, as one leaflet did, about unlimited immigration and the

"strain put on local schools by bogus asylum seekers".

It is not clever to show a little map of the world with a big arrow pointing at the immigration and nationality directorate in Croydon, along with the phrase, "Unlimited immigration—this way."

Those are not substantive contributions to the debate. Our work since the election shows that we have not run away from that debate. Public policy generally was not well served by the tone or tenor of an election campaign that conflated race, community relations and asylum and immigration in the nastiest way possible. It is not appropriate for a political candidate to say that five illegal immigrants were arrested in his local town centre and freed in the area. He went on to say that no one knew whether those people were criminals, were carrying diseases and so on. Those are serious allegations to level at fellow human beings. There was

routine misinformation, in which central Government funding was conflated with other matters. Newspaper adverts up and down the country dressed up the issue, implying that there would be an impact on local council tax payers. However, they simply lied about the level of financial commitment and the cost of asylum to council tax payers. There was absolute misinformation and lies.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I entirely agree that it is quite wrong to base any policy on abuse of the character of immigrants or would-be immigrants to this country. Does the Minister agree that it is equally wrong in an election or otherwise to abuse people who believe that it is none the less right to impose restrictions on immigration by saying that they are racist? That happened time and again up and down the country, when Labour candidates stood against us, and against me in particular.

Mr. McNulty: May I say unreservedly that I completely agree with the right hon. Gentleman? It is not racist to talk about immigration control or managed migration, but the Conservatives' national campaign suggested that we believed it was. However, that allegation was not true, either nationally or in my constituency. I deplore the actions of anyone who attacks people simply for trying to hold a debate on serious issues that matter to our country and describes them as racist. We need a substantive debate, and our five-year strategy, including the points-based system, is an important contribution. In February, my right hon. Friend the Secretary of State delivered a speech in which he outlined the points-based system, the new asylum model and other aspects of policy that I have had the pleasure of trying to implement since the election. During the election campaign, my right hon. Friend the Prime Minister said in Dover on 24 April that most people recognise the huge contribution that immigrants have made to this country. That is central to what we are trying to achieve with the points-based system.

Justine Greening: I shook my head because of my experience as a candidate last year. Many of my constituents who are seeking indefinite leave to remain have to wait for years before they receive a response and can get on with their lives in Putney. I believe that we raised a valid issue at the election, and the fact that the Government have now introduced a points-based system for immigration—and I am pleased that they have done so—surely demonstrates that we were right to do so. He might not like the tone of our arguments—he rightly pointed out that I did not adopt that tone—but does he not agree that we were right to raise the issue?

Mr. McNulty: No, I do not. That is not simply because of the tone, which was unnecessarily hectoring and verged on racist in some quarters—I accept, however, that that applied to some areas more than others—but because the substance was wrong. The hon. Lady has been an MP for 10 months, so I find it hard to accept that she has hordes of constituents who have been waiting years for indefinite leave to remain. I praise her, however, along with a few of her colleagues, for having the intelligence to resist the nasty hectoring campaign that many members of her party ran nationally. My right hon. Friend the Prime Minister rightly described Conservative policy at the election as incoherent babble. He said it was a deliberate attempt to exploit people's fears—that is true, although perhaps not in Putney—and to suggest that for reasons of political correctness those in power do not care to deal with the issue.

That is almost the exact opposite of the rhetorical question posed by the right hon. Member for Hitchin and Harpenden (Mr. Lilley). The Conservatives deliberately suggested that there were subliminal ideological reasons why, at the election, the Government and the Labour party did not want to do anything about immigration, which was untrammelled, uncontrolled and relentless: it was suggested that that resulted from our new Labour, ideological, Islington-based position. It is, however, utterly wrong—in fact, it is as wrong as the opposite suggestion.

Dr. John Pugh (Southport) (LD): I agree that it was not just a matter of tone. In my constituency, misinformation about the cost of immigration to council tax payers was circulated. It was opposed by the Church and the chief executive of the council, and it did nothing but disturb race relations. How could that have been accidental?

Mr. McNulty: I agree, but I do not wish to dwell on the matter unduly.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. There has been nine minutes of dwelling on this. I appeal to the House to recognise that our debate will be better if we look forward rather than back?

Mr. McNulty: I accept your admonition, Mr. Deputy Speaker.

The Prime Minister went on to describe Conservative proposals to withdraw from international conventions on refugees and to process asylum seekers on an offshore fantasy island as beyond rebuke. It is important for public confidence in asylum and immigration policy that our debates should not set such a tone or make ridiculous proposals. The new asylum model has been developed in that context, and it must be set alongside the points-based system.

Keith Vaz (Leicester, East) (Lab): I accept that the Minister is painting a picture before moving on to the detail of the scheme, but may I bring him back to the subject of our debate? I congratulate him on all the work he has done to bring together 80 separate schemes, but is he satisfied that his new system will deal with the acute shortage of chefs in Indian and Bangladeshi restaurants?

Mr. McNulty: I am entirely satisfied that that is the case, but I told the sector that there are already problems with shortages. It is no good holding a fruitless debate about the impact or otherwise of the points-based system, as the sector broadly agrees that it will help, rather than hinder, recruitment. I am more than happy, however, to meet it to talk about its concerns about current shortages and training. It agrees that the points-based system will help, but we need to address the serious problems that already exist.

Mr. Andrew Smith (Oxford, East) (Lab): I welcome my hon. Friend's commitment to work with the

[Mr. Andrew Smith]

restaurant sector on the issue, which is enormously important. Into which category will the workers in question fall under the points-based scheme? Is it the second category, under which relatively skilled people can stay after five years, or is it the third category of unskilled workers who have to go back after a year?

Mr. McNulty: The answer to my right hon. Friend, in short, is both. Once the sector has worked with the skills advisory body to establish that there is a shortage, those with skills who are performing skilled roles as chefs, under-chefs and such roles in restaurants can come in under tier 2. If it can be shown—from discussions with the sector I think that it can be—that neither the UK labour market nor the wider EU labour market can fill the gaps in the sector, those with a much lower skills base can come in through that route.

We must establish sector by sector where the cut-off point is between tier 2 and tier 3—the cut-off point in terms of skills, training, remuneration and qualifications. Between now and final implementation of the plan, we have the time and space to get discussions under way with the sector. I repeat the point made by my right hon. Friend the Home Secretary when we introduced the scheme: many of the concerns expressed by the sector, not just by Indian and Bangladeshi restaurants, but by the Chinese sector as well, need resolving now, rather than waiting for the system to be implemented.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I am pleased to hear my hon. Friend's comments, but there are greater difficulties in rural localities. Some communities—cities and some larger towns—are more attractive to those who wish to come and work in that sector. It is difficult to draw them from the cities to rural areas.

Mr. McNulty: I accept that. Once the substantive shortages are clearly identified, such considerations must be factored into the process leading to the issuing of the work permit.

John Bercow (Buckingham) (Con): Can the Minister tell the House where he is now in the review of the food processing quota? The review, as I understand it, is due to be completed by June 2006. Given that the Government have said that on the whole they want to bring to an end low-skilled migration schemes from outside European economic area countries, does he accept that although that might be a good policy—Community preference as a matter of principle—he needs to allow for the possibility that there will not be a sufficient labour supply from the new accession states, and that in those circumstances the gap can properly be filled from other countries?

Mr. McNulty: On the hon. Gentleman's first point, we made it clear in the Command Paper on the points-based system what stage schemes such as the sector-based schemes, the seasonal agricultural workers scheme and those covering food processing had reached and how they would continue.

The hon. Gentleman is right to suggest, as did my hon. Friend the Member for Leicester, East (Keith Vaz), that much of the purpose of the points-based system is to reduce to the five tiers the 80-odd routes that have developed higgledy-piggledy for education, work and study. He is equally right—this is very important—that if the document is written on the assumption that some 350,000 workers from the A8 countries are filling many of the low-skilled positions in the UK economy, and that there will be a collective governmental "Oops!" in 2011 when all the barriers in all the European countries are down and nationals of the A8 countries have access to all the labour markets, the entire pool of labour filling the gaps from the A8 countries will suddenly dry up because it has gone elsewhere in Europe. The system must be and is flexible enough to take account of that.

I do not know and, if I may be flippant for a moment, the Home Office, given its previous record on futurology in these matters, does not know what will happen by the time we get to the transition from 2009 to 2011 and the barriers coming down across all European labour markets. I suspect that a residual element will still come to the UK for assorted cultural and other reasons because we have allowed them to come earlier rather than later. The number will probably not be 350,000, but the points-based system must be flexible enough so that if those gaps are not filled by A8 nationals once they are able to work throughout the European Union, the next step beyond EU preference will be to look in the wider international labour market.

John Bercow: The Minister is being generous in giving way. He should not be embarrassed about, and I would not criticise him for, what I might call the statistical inexactitude of Home Office labour market predictions. There is nothing to be embarrassed about there at all. All it proves is that Governments on the whole cannot predict these things. In that context, does the Minister agree that it is therefore incredibly important to look to the skills advisory body for detailed, independent and authoritative advice, and to publish the reports of that body so that we can see the basis on which policy is made?

Mr. McNulty: That is absolutely right, and I remember the hon. Gentleman raising that point in Home Office questions. The skills advisory body will be extremely important not only across sectors, but within sectors, and will work with the sector skills councils, the skills development agency and others so that there can be confidence across industry, the economy and the public about their discussions and analysis of skills shortages. That will determine how we fill the gaps from beyond an EU-wide labour market. The hon. Gentleman makes a fair point.

David Taylor (North-West Leicestershire) (Lab/Co-op): I pay tribute to the intelligence, creativity and tenacity, all of which are overdue, that my hon. Friend has brought to such a sensitive job in Government. Developing the point made by the hon. Member for Buckingham (John Bercow), which suggests that we are embarking on a journey akin to driving a car by reference only to the rear view mirror, rather than to what is happening in front, what lessons does my hon. Friend draw from the projections that the hon. Member for Buckingham suggested might be more accurate from employer and other associations? Around 2000, such organisations thought that demand for IT staff would

remain substantial for the foreseeable future, but all of a sudden, almost out of a clear blue sky, the market and demand collapsed. Is my hon. Friend confident and convinced that the computer and other systems that will be in place will be sufficiently quick and adaptable to pick up trends more quickly than has been the case in recent employment history?

Mr. McNulty: They will have to be, in an increasingly dynamic, fast moving and global labour market. I demur from some of my hon. Friend's assumptions. Demand for IT workers still exists, but it is no longer located just in Europe. It is international. I describe the situation in terms of circularity. We need to go beyond—this underpins the points-based system too—the notion of the classic migration routes, where people moved from one place to another because the opportunities for their personal advancement were better. There is now increasing circularity.

IT skills are a good example. Indian investors who are investing significantly in the UK tell me that they would like second and third-generation British people of Indian origin to stay in the UK to fill jobs in the IT sector. Their fear is that because they are of Indian origin, people are going off for three, four or five years to Bangalore and various other "silicon valleys" in India, where they can have a far nicer lifestyle and greater reward for their skills. Indian investors would prefer them to stay in the UK and work for them here. That sort of circularity is increasingly part of the process of immigration—it is no longer simply a case of people moving from here to there in the classic model. I go along with my hon. Friend in part, but not in substance.

Central to the points-based system is the notion that economic migration is good. I am grateful that, across the piece, people have welcomed the publication of the paper. The CBI, the TUC, the British Council, Universities UK and a host of other organisations have given a broad welcome to the direction that it sets out. It does not give every single detail of where we are going to arrive at the points-based system. It is, in part, a response to a lengthy and extensive consultation process that took place from July to November, as outlined in the back of the document. It has not only received a broad welcome but created a broad desire among all the sectors that matter to work and engage with the Home Office to take things forward.

In terms of the time line, we think that we are about 18 months away from the full introduction of the overall points-based system. Bearing in mind that it started as an idea in the February 2005 speech that outlined the five-year plan, if the system is implemented by around February 2008, the most significant change in our migration policy in 34 years will have gone from a standing start to full implementation in the best part of three years, which is not slow in anybody's terms.

Last Friday, we held two post-publication events for what we are now supposed to call the stakeholders. The morning session was for the business community. Some 700 people turned up, and it went terribly well, with lots of questions asked and another broad welcome given. In the afternoon, between 250 and 300 people from the education sector discussed where we go from here. It is important that that engagement continues, and it shall.

One of the realities underlying the scheme is that there is now a broader European Union labour market that needs to be factored into the equation. By the end of the transition period of 2009 to 2011, there will be an open labour market across 25 countries. It is important that the points-based system is seen in the context of everything else that we are doing as regards border controls, the new asylum model and so on. The system must be, and will be, robust against abuse. Only those of benefit to the UK should be admitted, and once here they should comply with their conditions of leave. Equally central to the scheme is that those who should benefit from migration, particularly employers and education institutions, should work far more readily *with the Government to ensure that that is the case.*

Anne Moffat (East Lothian) (Lab): I regret having to bring in an element of negativity, but I wonder whether my hon. Friend shares my concerns about a situation in my constituency whereby a mushroom farm that has taken on a lot of migrant workers has been deliberately squeezing out the local work force. The migrant workers are working for far lower terms and conditions of employment and for excessive hours, and the indigenous work force, who were in their hundreds, are now down to 20-odd. Surely we must do something to protect our indigenous workers and prevent the racial tensions that mount as a result of this.

Mr. McNulty: I do not know the exact details of that case, but if my hon. Friend wants to share them with me I will certainly look into it. Migration is not about bringing people in to work in substandard conditions, and migrant workers must be afforded the same sort of welfare protection as anybody else. We are rightly taking cognisance of the impact of migration inflows on local labour markets.

Although it is beyond the remit of many aspects of the work of the National Asylum Support Service and other agencies, it is important that the Home Office, with other Government Departments, starts to consider the impact—sudden impact in some cases, it is fair to say—of concentrations of east European workers in certain areas. There was a case up in Crewe where all of a sudden, as a result of the successful work of a local employment agency, some 3,000 Polish workers descended on the area almost overnight. They were taking on perfectly proper jobs, so there was nothing wrong in that sense, but it might have been helpful if the employment agency had told the council that those people were coming.

Seemingly minor changes can have a significant impact on the local infrastructure. In the case of Crewe, 3,000 Polish people turned up in a population of 60,000. Given that the Poles are Catholic, it might be useful if the schools or the local education authority had had some notion that they were coming in case 25 children pop up in the local Catholic school saying, "We'd like to come in, please", as they have a perfect right to do. We need to consider such factors. We are working with the Department of Trade and Industry and others in respect of the exploitation of migrant workers and the impact on labour markets. About a year ago, I was pleased to launch a joint statement with the TUC and the CBI about the benefits of migrant workers, part of which

[Mr. McNulty]

dealt with the impact on local labour markets and the rights, benefits and welfare conditions of migrant workers. That is a very important point.

John Bercow: I do not sniff at what the hon. Member for East Lothian (Anne Moffat) said, as I am not familiar with the particular circumstances in her constituency. However, does the Minister agree that it is important conclusively to demolish the "lump of labour" fallacy—the notion that there is a fixed amount of work to be done and that immigrants are taking away the jobs of domestic workers? The truth is that the main demand for migrant labour comes in sectors where there are long-term job vacancies and significant skills shortages that need to be filled. In other words, people are doing jobs that British workers are unable or unwilling to do. That, for the most part, is the reality of the matter.

Mr. McNulty: I fear that the hon. Gentleman, whom I agree with, by the way, will tempt me back into talking about how daft and nasty the last Conservative election manifesto was. However, I shall resist that temptation, because he makes an entirely fair point. Traditionally, economic migration has principally been about the needs of the economy in a whole range of sectors where there is no apparent demand for work, and has not been for some time, from the domestic work force, not least in agriculture, where there is a long history of inward migration. Until Portugal beat England in the European championship, I had not realised that the constituency of my right hon. Friend the Home Secretary in Norfolk is surrounded by significant elements of Portuguese labour who have been there for generations servicing the rural economy. Obviously the people of Norfolk knew that, because they went and smashed up their pubs after Portugal had beaten England.

The hon. Member for Buckingham (John Bercow) makes a good point that illustrates why the points-based system does not include a quota on immigration but responds to the specific needs of specific sectors across the economy. It brings 80-odd routes down into five manageable routes that create clarity for applicants and clarity for the employers and education institutions that require those applicants. Just as importantly, it gives the wider public confidence, which was knocked off-course by the Conservatives during the general election, in an immigration system that works in a controlled and managed way that aids our economy.

Justine Greening: I sympathise with the Minister's story about the Portugal *v.* England shoot-out. I was similarly disappointed when I heard cheers from a room next to mine, believing that it was full of English people, only to discover that most of the people who worked at the hotel where I was staying were Portuguese. I was therefore disappointed when I learned the result.

I believe that the proposals in the points-based system are for new applicants. Some of my constituents may have had to wait for several years already. If they have skills that would fit a points-based system, can they reapply and how will that fit in with their existing applications for leave to remain?

Mr. McNulty: Unkind colleagues on the Front Bench suggested that the people cheering next door might have been Scottish, not Portuguese, if goals were scored against England. I am sure that that is not case.

I cannot answer the hon. Lady substantively without knowing the specific constituents' cases to which she refers. Broadly, we should not confuse the new scheme with general settlement. We have clearly said that, in the points-based system, tiers 1 and 2, which essentially cover highly skilled migrants and areas where significant skills shortages have been identified, are settlement routes. Tier 3 is, by definition, temporary. Tier 4 covers students and may lead to a settlement route—there are ways out of that. Tier 5 covers short-term activities, such as youth exchange and cultural exchange. Again, it is temporary. The tiers should not therefore be confused with pending applications for indefinite leave to remain—ILR.

Those with pending applications for ILR on their journey to settlement will simply complete four to five years if they apply in the normal way—if they have no criminal records and so on. If ILR follows extended leave to remain—ELR—or other elements, from asylum to settlement via refugee status, with or without temporary protection, that is outside the points-based system. We are not therefore locking up every single element of the settlement and nationality routes, including the points-based system, together. I am sorry if that is convoluted and does not answer all the hon. Lady's points but I am happy to discuss it further at another time.

Pete Wishart (Perth and North Perthshire) (SNP): I assure the Minister that it was not Scottish people in the hotel on the evening that has been mentioned.

The Minister spoke about all the different immigration schemes working together, which most of us welcome as a sensible step forward. However, where does that leave the Scottish Executive's fresh talent initiative? Will it remain as a stand-alone recruitment scheme? It was the only thing that Scotland had to give us some sort of competitive advantage to attract skilled migrants. Am I right to assume that it will be merged into tier 1A? If not, how does the Minister expect the initiative to stand alone, and to allow Scotland, which has chronic population problems, to compete for the skilled migrants?

Mr. McNulty: That is a fair point. Much of what Scotland has achieved through the fresh talent: working in Scotland scheme and other schemes will eventually be included in the points-based system. However, in doing that, sorting out the specific demographic and other difficulties that Scotland experiences will be borne in mind because we agree with the Scottish Executive. Scotland does not need a stand-alone system outwith the points-based system, but a managed migration, points-based system that deals specifically with Scotland's current difficulties. The document explains that. It provides for regional disparity, concerns and needs. I am not being disparaging or dismissing Scotland's concerns as regional. As the hon. Gentleman knows, the Scottish labour market presents specific problems and challenges. That is why we are working closely with the Scottish Executive on the fresh talent: working in Scotland scheme. It is early days; the scheme

has been running for only about a year. We are actively working with the Scottish Executive to ascertain what Scottish package—if I may use that phrase—emerges to deal with Scotland's needs and work with the grain of the points-based system. The hon. Gentleman makes important points but we are tackling them with the Scottish Executive and we shall make announcements in due course.

It is important that applicants find the process simpler and that employers and education institutions know the most important routes. That is the way forward for the UK in the 21st century. Hon. Members should rest assured that we do not underestimate the challenge of implementing the new system. We are approximately 18 months from full implementation. We need the legislative building bricks in the Immigration, Asylum and Nationality Bill and we hope that we can secure that sooner rather than later.

Some significant discussion remains to be held with a host of groups about how they fit in with the strategic framework that the Command Paper clearly sets out. That covers not least working with the Scottish Executive. I believe that the hon. Member for Perth and North Perthshire (Pete Wishart) made what he calls music in the recent past. Tomorrow, I will have discussions with the arts and cultural sector because there are concerns about the way in which the permit system affects, for example, orchestras that visit the country for tours. At an event on Friday, I was told that the points-system had at least the potential to smash the integrity of international circus tours. I did not mean to do that, so I shall engage with that sector, too. We are beginning to get to the level of talking to each sector about how its needs can be met in the context of the document.

The new system crucially shifts the work permit and visa application to the same domain, and the same process applies to both. That makes sense. There is no danger of our underestimating the IT training, resources and other elements that are required.

The points-based system constitutes a huge and significant step forward towards the Government's aim to achieve greater public confidence in the immigration system, and ensure that the UK and the UK economy secure the migrant workers that we deserve, and that they have the welcome that they deserve in this country and continue to make a substantial contribution to it. I commend the Command Paper to the House.

7.36 pm

Damian Green (Ashford) (Con): Like the Minister, I am pleased that we are holding the debate and grateful that it is in the Chamber rather than Westminster Hall because of the seriousness of the subject. I only regret that he chose to preface a serious 30-minute speech with 10 minutes of cheap and backward-looking abuse, which was worthy neither of him nor the important subject.

Conservatives want this country to have a civilised and controlled immigration system. We welcome not only genuine refugees but immigrants who bring benefits to our economy and help provide the cultural diversity of modern Britain. We want debates on immigration policy to be calm and rational.

We believe that, for immigration to be positive both for the hosts and the new entrants to the country, it must happen under a controlled system, in which everyone has confidence. People must know that our borders are secure, that the amount of illegal immigration is minimised and that those who are here but have no right to be here will be identified and then removed. When that happens, we will be able fully to enjoy the economic and cultural benefits of migration.

Those are the challenges for the Government's overall immigration policy. The specific challenge for the system that we are discussing today is whether it will be fair, transparent and beneficial not only to our economy but our society.

Let me start with the principles behind the policy. We welcome the principle of a points-based system for economic migration. Indeed, we have called for it for some time, and, in the spirit of the new politics, I welcome the Government's move towards Conservative territory on this matter. I hope that I do not sound churlish if I inquire politely why it took them so long. They have produced five immigration Bills in their nine years of office. None fully contained such proposals, not even the measure that we are still discussing after last Thursday's peculiar events caused by the Government and the Whips Office. The truth is that it has taken the Government a long time—too long—to come to the conclusion that the present system simply is not working.

In a Home Office paper of 2005, the Home Secretary said that

"the system we have at present works well".

In this year's document, however, he admits that the system is not effectively targeting the migrants of most benefit to the UK, and that it is complex, subjective and bureaucratic. He is now right. The recognition of the need for a new system is an implicit recognition that the present system is failing. There are several reasons why the system needs replacing. The entry clearance officers are under impossible pressures, there are no effective controls at too many of our borders, and the sheer complexity of our system defeats many people who could benefit this country.

However, the key questions, which Ministers are trying hard to evade—and to which we received no answers in the Minister's long speech this evening—are about the effect of the new system on the number of people coming into this country. There are two basic questions. Do the Government expect the new system to lead to a rise in the number of people coming to this country? Do they want it to lead to an increase in those numbers? In 2003, the previous Home Secretary famously said that he could see "no obvious upper limit" to legal immigration. Is that still Government policy? The Home Secretary has been opaque on the subject in recent days, so I hope that the Ministers will be able, between them, to clear the matter up this evening.

That question is absolutely central to the success or failure of a points-based system. The Government talk about managing migration, but there is all the difference in the world between asking people to form an orderly queue and then letting in anyone who wants to come,

[Damian Green]

and saying that there is an upper limit to the numbers, beyond which we should not go. Which of those aims is this policy designed to achieve?

Keith Vaz: Why is the numbers game important, when those who will come to this country under the new scheme will be coming in order to contribute to the economy? Why is the numbers game still so important to the Conservative party?

Damian Green: It is not a game. The hon. Gentleman has made many distinguished contributions to this debate over the years, but he should try to resist using the phrase "the numbers game". Of course numbers are important. People want a controlled immigration system and they will want to know whether we have open borders or not. Whatever individual benefits might arise from the scheme, there will also be collective issues at stake, including population growth and pressure on public services, especially in those parts of the country that already have very high levels of population growth. It is impossible to look at this issue intelligently in the round without considering the effects on all the individuals concerned and the collective pressures on public policy.

Keith Vaz *rose—*

Damian Green: I shall give way again in a minute.

My objection to the proposals is that the Government are being completely ambiguous on this central matter—*[Interruption.]* The Minister is trying to heckle me from a sedentary position. If he wishes to make clear the Government's position, he might have the chance to do so later if he catches your eye, Mr. Deputy Speaker. Or he can do so now by making an intervention. Meanwhile, I shall give way to the hon. Member for Leicester, East (Keith Vaz).

Keith Vaz: I am most grateful to the hon. Gentleman for giving way a second time. I am concerned about the numbers game because, when the new member states joined the European Union on 1 May 2005, the Conservatives made allegations that those coming here would not make a contribution to the British economy. Those allegations were even extended to suggest that those people would go on benefits. The fact is, however, that their presence in this country has contributed greatly to our economy, and, at the last count, fewer than 100 of them had gone on benefits.

Damian Green: The hon. Gentleman has not raised the tone of the debate with that intervention. I could not have been clearer about my party's attitude to economic migration in the course of this speech. He has listened to it, and I could not have put it more clearly. We welcome people who will bring economic benefits to the country and who will themselves benefit from being here. Of course we also welcome genuine refugees, and we welcome the cultural diversity of modern Britain. I cannot put it more clearly than that.

I would now like some clarity from the Government on the purpose of this policy—*[Interruption.]* The Ministers are sitting there chuntering on the Front Bench, but the House will observe—

The Parliamentary Under-Secretary of State for the Home Department (Andy Burnham) *rose—*

Damian Green: Ah, excellent!

Andy Burnham: I have been listening carefully to the hon. Gentleman flannelling away. Picking up on what he has been saying, I understand that he is still in favour of a quota. Will he make it clear whether that is the case?

Damian Green: I am in favour of a controlled immigration system. Is the Minister in favour of uncontrolled numbers? Is it still the case that he can see "no obvious upper limit" to legal immigration? Will the Minister answer those questions?

Andy Burnham: The purpose of the system that my hon. Friend the Minister for Immigration, Citizenship and Nationality has just outlined is that people should be allowed in if they can contribute to the economy, if there is a shortage and a need for people to come. That is the logic of the system. The hon. Gentleman has been outlining the argument for a quota. Is he in favour of a quota or not?

Damian Green: I am in favour of controls. I note that the Minister is not going to answer my questions—*[Interruption.]* Well, we are debating Government policy, and I think that it is significant that the Government will not explain the effect of that policy.

The important problem with the Government's lack of candour is not for the Government. They have long ago lost any reputation that they had for straight dealing. The real problem is for the essential confidence in our immigration controls, which we need if we are to have the calm and rational debate that we all want. If no one knows what the Government's underlying purpose is, suspicions about hidden agendas will proliferate. The solution lies in the Ministers' hands, but so far, over the past few minutes, they have failed to offer a solution to the problem that is facing them.

For instance, the document before us makes the point that only successful professionals, those in tiers 1 and 2, will be allowed to settle permanently in this country. The Conservatives have no problem with that part of the policy. But does it mean that the Government do somewhere have a target number for immigrants who will be allowed not only to work here but to settle here? There are respectable arguments for having such a target, and I am sure that everyone involved in the debate would be fascinated to know whether the Government shared them. The logic of their command paper is that that is where they are going.

There is clearly a distinction between a free-market approach to the movement of labour, which is common to the main parties—or, at least, common to the Conservatives and those on the Government Front Bench—and a policy that is indifferent to the rate of growth of the population of this country. That is why I emphasise the importance of the different rules on

settlement rights between the different tiers. That is hugely important and central to any debate on this issue, yet the Government are trying not to have that debate.

I would like to move on to some of the details thrown up by the system. The first is the abolition of the right of appeal. The Government have been heavily lobbied on this matter, and I would like the Minister to deal with the points raised by the Immigration Law Practitioners' Association about the proposed administrative review that will replace the right of appeal. The association describes it as

"a manifestly inadequate substitute for a right of appeal against a wrong decision. We have been unable to identify ways in which such a review would differ from the internal reviews that are supposed to happen now, according to the guidance for Entry Clearance Officers".

Most pertinently, the association quotes from a Department for Constitutional Affairs White Paper "Transforming Public Services: Complaints, Redress and Tribunals". The White Paper asks what an individual can do if they wish to complain. It goes on:

"The first and most direct remedy is to dispute decisions directly with departments and agencies. But in a democracy ruled by law, and under a government committed to high quality and responsive public services, simply appealing to a department's sense of fairness is not, and never has been, enough. There has to be redress beyond the department".

That is an interesting view from the Department for Constitutional Affairs, and one that appears to have been manifestly rejected by the Home Office in its proposals for administrative review. I hope that the Minister will be able to explain that apparent incoherence between the different Departments.

Even those of us who are sympathetic to attempts to avoid delays in the system—the point has already been made that the delays often cause intolerable problems for the individuals involved—need to be reassured that the system will be fair. According the DCA's White Paper, it clearly will not be. This concern links with another area of ambiguity, namely the time scale for the introduction of the new system. We have been told that the new system will be rolled out tier by tier, starting with tier 1, which seems perfectly sensible, but it would be reassuring to know the time scale for the later tiers. I understand that it is possible that even tier 2 will not be introduced until 2008. Given that it looks as though it will be many years before the full system is introduced, when will the current appeals be abolished? Will that happen gradually, along with the introduction of each tier?

Mr. McNulty: It is not the case that the system will take many years to be introduced. I have said that we will try to get the whole thing done over the next 18 months to two years. The hon. Gentleman will understand that we will need to consult on other elements such as fees and cost structures, as well as on the introduction of tiers. By the time that we rise for the summer, I hope that people will have a far clearer idea of all the assorted time lines involved.

Damian Green: I am grateful for that burst of clarity from the Government Front Bench, which is a rare treat.

While I am on tier 2, however, let me deal with the vexed question of restaurants, which the hon. Member for Leicester, East rightly raised. We are grateful to him, and I am also grateful to Christine Lee of the North London Chinese Association, and to others including Mr. Enam Ali from the Guild of Bangladeshi Restaurateurs for passing on their detailed concerns about the effect that the new system might have on hundreds of small businesses. I know that the Minister has held meetings on this subject, so he is aware of the main points of concern, which boil down to whether enough chefs with specialist skills will be available to keep Chinese, Indian, Bangladeshi and other restaurants going.

A few days ago, the Home Secretary appeared to say that the way to solve the growing shortage is simply to train replacements in this country. Again, the House deserves some clarity as to whether that is the Government's solution to the problem. Ministers are aware of the concerns that under the current proposals even highly skilled chefs will not score enough points to qualify under tier 2, particularly if they do not have any significant paper qualifications. There is also the issue of benefits in-kind, such as accommodation, which is often provided for chefs who come to this country. It is not obvious from the Command Paper how the salary-based allocation of points accounts for that. Mr. Ali, whom I mentioned, said:

"We can cite numerous examples where the lack of educational opportunity (which is the norm throughout the third world) to gain formal qualifications equivalent to NVQ levels 3 or 4, is being abused by Entry Officers as a pretext for Visa refusal. Typical is the story of a top chef currently running the kitchens of a five-star Bombay restaurant, who cannot gain entry to the UK because he is virtually illiterate."

Clearly, such sensitive issues will arise.

Mr. McNulty: I have spoken to Enam Ali, and I have told him, and I will tell the hon. Gentleman, not to quote constantly examples that are profoundly wrong. Any chef who is currently working and has the skills to work in a five-star restaurant in Bombay will be welcome in this country with open arms under the new system. The hon. Gentleman is entirely wrong, and so is my hon. Friend the Member for Leicester, East (Keith Vaz). If there are differences, let us address those now.

Damian Green: I am glad that the Minister is confident enough to believe that he is right, and that distinguished Bangladeshi restaurateurs, his hon. Friend the Member for Leicester, East and the whole world—except for him—are wrong. For his sake, I hope that that is the case, as otherwise he is storing up trouble ahead—

Keith Vaz: He will be very hungry.

Damian Green: As the hon. Gentleman comments from a sedentary position, I strongly recommend that the Minister confines his dining out over the next few months to restaurants where there is a properly qualified chef.

On the wider question of access to the skills advisory board, some ethnic minority groups feel that they have no easy means of obtaining representation on it. A measure to address that would improve their confidence in the system, which is rather less than the Minister's. *[Interruption.]* Yes, I am aware that the Minister met

[Damian Green]

them last week. I have spoken to them since that meeting with the Minister, and I can only repeat that he is more confident in his proposals than they are.

It is worth pausing on the role assigned to the skills advisory board, especially in relation to how much detailed planning and predicting it is expected to do. It will not just have a national responsibility to identify shortages, but will be expected to pick up shortages in each region. It will therefore be required to say how many extra workers are needed in each sector in each region of the country. That sounds perilously close to the kind of micro-management of the job market by Whitehall that has failed so badly in the past. I hope that Ministers are planning to avoid that, and we would welcome early publication of guidelines for the SAB so that we can consider in detail what it will be expected to achieve. The hon. Member for North-West Leicestershire (David Taylor) made the point about the sudden drop in demand for IT specialists in 2000, which caught everyone in the labour-predicting industry by surprise. If something like that happened again, the SAB would need to be flexible enough to pick that up on a national and regional level. It is being set a high hurdle.

John Bercow: I am listening to my hon. Friend's speech with close interest. He is decently sceptical about the prospects of accuracy in the labour market projections of the skills advisory board. He is probably right to be so, but can I put it to him that it is precisely because of the uncertainties and the rapidity with which demand and supply can change that it is also wise to eschew fixed limits?

Damian Green: There are two separate issues. The point about the skills advisory board, which we welcome as one of the good things about the system, is not to overload it. It is perfectly possible, if it tries to be too prescriptive, that it will be overloaded in an attempt to micro-manage the economy. That is a much bigger problem.

Another big area of concern is the policing of the system. Both universities and businesses seem to be responsible not just for their current students or employees, but for those who have left. We should be clear that universities and businesses do have responsibilities when they bring people into this country, but it is important that what they are being asked to do is practical. Many of them, especially small businesses, will not have the capacity to act as a police force for their ex-employees, and if the Government expect them to do so, another element of potential chaos will be introduced in the system.

In addition, how is the public sector to be policed? With the NHS being the biggest importer of migrant labour, who will be responsible for the inevitable offences? Will it be individual NHS trusts? If they are culpable, how will they be punished? There will be something perverse about a trust in deficit, as many of them are, perhaps laying off medical staff, as many of them are, having to pay a fine to another part of government because some of its trainee nurses have gone walkabout halfway through their scheme.

Justine Greening: On that matter, will my hon. Friend ask the Minister whether the new system will take account of skill shortages in countries from which we are getting migrant workers, and whether that should be taken into account in the points-based system?

Damian Green: It certainly should be taken into account. The Minister did not mention it, and perhaps other Members will do so later. Clearly, the brain drain from poorer countries to keep our public services going is a huge issue, which we need to address. It is not a simple issue, as many people involved in international development have argued to me that, for example, the remittances going back to such countries are one of the best forms of aid, because they go into the hands of individuals rather than Governments and therefore get spent properly in the local economy. It is not an open-and-shut case, but I agree that the issue is worth considering.

My final detailed point is about the practical implementation of the scheme and its reliance on technology. In that regard, it is worth reading out in full paragraph 162 of the Command Paper, in which the Government solemnly say:

> "We do not underestimate the significance of the IT requirement that will be needed to support the new system and we will only roll out any part of the system when it has undergone rigorous testing."

We will remember those words in the years to come. We can only hope that this will not be another of the expensive technological disasters that have overcome the Home Office and, to be fair, many other Departments in recent years. From the people who brought us the Criminal Records Bureau, Child Support Agency and tax credit systems, among many others, here is another hugely important policy dependent on a new computer system. It is the ultimate triumph of hope over experience.

Justine Greening: Is my hon. Friend as concerned as I am that parallel systems might be running, which could cause even more confusion than introducing a new system on its own?

Damian Green: I am almost certain that there will be parallel systems, that there will be no communication between those running the systems, and that there will be technological disasters. I know nothing of the details of the technology that the Home Office is organising; I simply observe that the Home Office's record, like the record of most of Whitehall in this regard, is so lamentable that it beggars belief that the system will work efficiently. I think that everyone who will be caught up in the early years of its operation should be very afraid.

There are two causes for concern behind our support for the principles of the system. The first is that, even tonight, the Government are still refusing to say what the effects will be on the numbers coming to this country and the numbers staying in this country. The second is that any good intentions will be lost among the practical difficulties. Any dispassionate observer can have no confidence that the new system will be introduced competently, efficiently and on time. Despite my pessimism, however, I hope that it is.

We wish the measure well. This country needs a civilised and controlled immigration system, and I hope that the Government will provide one during their remaining years in office. If they do not, the next Government will have to take on that vital task.

8 pm

Mr. Neil Gerrard (Walthamstow) (Lab): I welcome the debate, and a great deal of what is in the White Paper. That is not always the case when I see what the Home Office proposes. We do need clarity in the system: people must be able to understand the rules, because that is good for both employers and applicants. There is no doubt that the present system is far too complex and bureaucratic. Many of us will know of people who have been given work permits and then been refused entry clearance, although it must have been blatantly obvious that some of them would be refused entry clearance before they were given work permits.

A huge amount of detail remains to be filled in. The White Paper is really no more than an outline, although both the Minister and the hon. Member for Ashford (Damian Green) referred to some of the detail. Neither this debate nor any other debate on the subject that I have heard has dealt adequately with the extent to which a managed migration system should relate purely to economic benefits for the United Kingdom, or—a key question, in my view—with how much attention will be paid to the rights of the people who come here to work. I do not want to see a Gastarbeiter system involving people coming here and working for quite lengthy periods with no rights. That would affect not just those people but the rest of the work force, in ways that I may describe later.

As for the application process, it is clearly advantageous for both applicant and employer to know what is required and to be able to carry out some self-assessment. In theory at least, that is simpler than the present arrangements. However, I should like the Minister to clarify a couple of points, one of which is about the position of sponsors in some of the tiers.

Obviously the reliability of a sponsor will matter. I do not object to the suggestion that an employer or educational institution should have a duty to report when someone has disappeared, or has not even taken up an offer. I note, however, that in some cases sponsors themselves will be given either an A or a B grade. I am far from clear about how that will work, especially early in the process, before there has been much experience of the scheme. What assumptions will be involved in deciding whether a sponsor will be given an A or a B? Will there be any arrangements for sponsors to contest their assessments? It could be argued that an A or a B grade could constitute a reflection on the sponsor's reputation. Certainly some sponsors who receive B grades may wish to contest them, for that simple reason.

As others have pointed out, the system of sponsorships and grading may tend to favour the large employer who continues to import large numbers of workers, rather than the small employer who may find it harder to enter the system. Another question that has been raised concerns the liability of an employer at the end of a contract of employment. I feel that it would be unreasonable to expect a small employer, in particular, to bear any liability once the contract had ended. At the same time, there seems to be no scope for people who may have worked here for two or three years to have a holiday, or to wind up their affairs before they leave.

Obvious questions have been raised about how the higher tiers will cope with people who may be highly skilled, but who may not have academic qualifications or earn large salaries. I have another concern about tier 1, however. It does not require a job offer or a sponsor; it allows someone to come in purely on the basis of qualifications and earnings—in some instances, perhaps, on the basis of qualifications alone. We must ensure that we do not strip other countries of skilled people whom they cannot afford to lose. We have had discussions of this kind in the past about the health service, but it is not only in the health service that such problems arise.

What causes me most concern is tier 3, which will probably cover most low-skilled migrants. We know that some sectors, such as agriculture and hospitality, are highly dependent on unskilled labour from outside the United Kingdom. Tier 3 involves a maximum of 12 months, no rights of entry for dependants and no right to switch to another employment route. The White Paper says that that tier will be run by "operators". I should be interested to hear from the Minister who he thinks those operators will be.

Mr. Richard Benyon (Newbury) (Con): One of the largest employers in my constituency is the racing industry. Members may be surprised to learn that the Lambourn valley is every bit as multicultural as the constituency of my hon. Friend the Member for Putney (Justine Greening). Does the hon. Gentleman not agree that it is the job of industry, including the racing industry, to make the right representations to those in tier 3—or indeed any tier? Is that not the best way of ensuring that migrant workers want to enter such industries, and that the system works smoothly?

Mr. Gerrard: I entirely agree. The Minister has made it clear that he is willing to talk to the various industrial interests, which will have to make their case if they believe that they have one. The skills advisory boards in particular should be consulted, because they will have a key role in identifying skills shortages.

The point that I was trying to make, however, related to lower-skilled migrants. If we go down the road of effectively shutting out people who are not from other EU countries, what will the possible consequences be? The danger is that that could inadvertently result in more unauthorised people trying to work illegally. Such an approach rests to some degree on an assumption that unskilled work is not really essential work, that it does not matter that much and it does not matter who does it. However, London has a huge number of unskilled people who have come from other countries to do such work. If they were not here, whole sections of London's economy would virtually collapse.

Reference has been made to the effects on indigenous workers, and to the fear that the presence of migrant workers holds down pay and conditions. In this regard, employment rights for migrant workers are very important. Some of the exploitation of migrant workers that undoubtedly goes on is clearly related to their inability to enforce their employment rights. There could be a number of reasons for such an inability. In some cases, the explanation is simply a lack of knowledge of those rights. We should perhaps ensure that those who work in the tier 3 schemes get information on their employment rights in their own language, so that they can understand them and know what they can do to enforce them. If one examined the

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evidence, it would doubtless become clear that some migrant workers are being discriminated against on the basis of their immigration status. Migrant workers who are sacked by their employer do not simply lose their jobs, they also lose the right to be in this country. That, in itself, can make it much more difficult for such people to enforce the employment rights that they should be able to enforce.

John Bercow: I am intervening to make a slightly different point. The Government want to maintain a strict distinction between labour migration and asylum seekers, and I understand the reasoning, although I am not comfortable with it. I put it to the hon. Gentleman that frankly, it is a tragedy that the thousands of asylum seekers in this country who are qualified doctors, scientists, engineers and dentists—who are perfectly entitled to be here while they seek asylum—are denied the chance to use their skills, earn a living and benefit Britain. Would it not be good if we extended the very limited right to work that currently applies to asylum seekers?

Mr. Gerrard: Of course, at the moment there is no such right to work; there used to be the right to work after six months, but that disappeared. I have always been of the view that we were far too restrictive in our approach. The argument is that such a right would act as a pull, but I have never seen hard evidence to support it.

One issue that we really must address, but which we shy away from, is the position of those in this country who are working illegally. There is no doubt that in a big city such as London, there are a significant number of such people. We have always approached this issue purely in terms of penalties for employers, which have been difficult to enforce. In the past two or three years we have looked at several different schemes for regularising the immigration status of people who have been in this country for some time, the latest example being the family concession in respect of asylum seekers. One idea that we have never seriously considered, but which we should, is regularising the status of some of those who have worked here illegally for some time. Plenty of other European countries—Belgium, France, Greece, Italy, Luxembourg, Portugal and Spain—have done that in the past seven or eight years, as has the USA. If we go down that road, we can get to grips with some of the exploitation that takes place. That would benefit people who come here legally as migrant workers, but it would also benefit the work force in general.

I turn finally to the subject of appeals. The lack of a right of appeal is a problem. We have administrative reviews now, and very occasionally an entry clearance case gets turned over on administrative review. The idea of getting rid of appeal rights and ending up with purely administrative reviews always worries me. One inevitable consequence will be more work for me, and for any other Member whose constituency contains a significant number of migrants. Even if the person concerned is not in the country, relatives and potential employers will turn up and ask for help. I would much rather we had a clear system through which such decisions could be challenged.

As I said at the beginning, I welcome the paper, which shows that we are making serious moves toward a system that makes sense, is clear and transparent and can work. There is a lot of detail to be filled in, however, and I hope that the Minister will deal with that issue. In particular, I hope that he will examine the lack of employment rights, which is a big gap in our approach to this problem.

8.16 pm

Mark Hunter (Cheadle) (LD): It is a pleasure to make my first Front-Bench contribution on home affairs in this debate. It is particularly pleasing to welcome the Government's apparent decision to take up Liberal Democrat policy on economic migration, which, I was surprised to learn tonight, is also the Conservatives' policy. My party officially called several years ago for the introduction of a points-based system to determine policy on migrant workers. We believed then, as we do now, that such a scheme would promote a culture of openness on issues relating to immigrant workers and respond to the country's long-term economic needs.

Before I set out why my party welcomes the broad principles underpinning the Government's new economic migration policy, I want to make two points. First, my party recognises the major contribution that generations of migrant workers and refugees have made, and continue to make, to invigorating our economy, our society and our culture. That is the starting point for our approach to immigration issues, and it is one that can easily be lost. On economic migration, every objective analysis shows conclusively that immigrants have been net contributors to our overall economy, and that their contribution is set to increase in future, as dictated by demographic trends. Our economy simply cannot afford to do without them, and it was pleasing to read that this sentiment was borne out by the consultation undertaken in advance of the Command Paper.

Secondly, I welcome the opportunity to debate this issue tonight. Often, more heat than light is generated on this issue, so I hope that tonight's discussion can involve at least some measure of consensus, as well as sober debate. It provides us with an opportunity to re-state the case for well-managed immigration, and the benefits that it brings to Britain. A points-based system is not a recipe for unlimited immigration, as some Members seem to believe; it is a policy for well-managed immigration. That is precisely why we Liberal Democrats have called for it for so long, and in my view it is what the country wants, too.

I turn now to why I believe that the proposals are broadly to be welcomed. They recognise the long-term challenges and trends that our country faces. They also recognise that, given an ageing population and the globalised economy, our country needs a migration policy that is flexible, relatively simple and able to adapt to changing needs and pressures.

In particular, a move towards simplifying what is currently a fiendishly complex system of immigration is long overdue. The complexity of current arrangements is one of the key factors that have contributed to a general lack of confidence in the system. As we all know, it is that lack of confidence that elements in our society will use to exploit fears and stoke up hatred in our communities.

When it comes to flexibility, it is clear that work permits in their present form are inadequate, especially for meeting the needs of our 21st century economy. An emphasis on plugging skills gaps in the work force and a systematic, strategic approach are self-evidently the right way to proceed to achieve our shared aim of maintaining a competitive economy.

I also welcome the Government's acknowledgement of the diverse needs of our regions. Clearly, a rigid, whole-country approach would be undesirable. As our city regions continue to take shape, we cannot ignore the fact that their economies develop in different ways and in varying sectors. I hope that the regions will have a genuinely strong voice in discussions and decisions about the assessments made in respect of economic migration.

In addition, I welcome the overall transparency of the new system. Coupled with simplicity, that transparency provides the key to public confidence. I hope that the new arrangements will give the Government a much better handle on information and statistics related to economic migration. Furthermore, I hope that the information that the policy provides will be used wisely by all concerned.

I have set out why I and my colleagues welcome the proposals, but now I want to turn to our reservations. The prospect of the large-scale administrative and IT reorganisation of a major part of the Home Office fills me with some dread, as do the potential costs. On pretty much the full range of issues—identity cards, criminal records checks and asylum—there has been a catalogue of disasters in terms of costings, leadership and management. For these proposals to go the same way would be unfortunate, to say the least. We would find ourselves dealing with a system designed to inspire public confidence that was doing precisely the opposite. It would do a great disservice to the good intentions behind these proposals if, as has happened in the past, policy were to be dictated by tabloid headlines.

The main issue to emerge from this policy is that, in part at least, it spells the end of low-skilled economic immigration from non-EU countries. Although I can accept the Government's premise that Britain and the EU together can meet their own labour needs for the most part, there are some obvious dangers, too.

There is a real risk that the proposals could lead to even greater exploitation of low-skilled workers, and not just by the small minority of unscrupulous employers who will use and abuse illegal labour. It could also expand the market for people traffickers, snakehead gangs and other criminal organisations. We know that this area of the labour market is notoriously grey already, but I see nothing in the Government's proposals tonight that sets out how they intend to deal with that problem.

Mr. McNulty: The hon. Gentleman makes an entirely fair point, but it is not for the Command Paper to include those policies. There are extensive policies, in the UK and across the EU, on human trafficking and other matters, but they are not matters for the Command Paper. I can certainly provide them, but he can search for those policies in the Command Paper as much as he likes and not find them, as they do not belong there.

Mark Hunter: I am grateful to the Minister for that intervention. If he is prepared to send me that background detail, I should very much like to take him up on his generous offer.

Much of the debate on this issue has been taken up by the specific example of catering workers, some of whom may not fulfil the criteria at any tier of the proposed arrangements. That area of the labour market is just one of many that is likely to be affected, and I hope the new system will have the flexibility and creativity needed to ensure that those sectors of our economy that rely on low-skilled labour are not unduly penalised by the policy.

Although the plans are clear about Britain's needs, as they should be, will the Minister explain what account will be taken of the needs of other countries? Our responsibilities go beyond merely protecting our own economy, and we should not be in the business of draining talent and skills from countries that can least afford to lose them.

We are often told about the ethical dimension to Britain's foreign policy, so I should be grateful for similar assurances that our economic migration policy will have a much firmer ethical foundation.

Simon Hughes (North Southwark and Bermondsey) (LD): One matter follows exactly from the point that my hon. Friend is making, and it concerns those parts of Britain with significant communities of recent immigrants. Members of families already here could come to this country at no cost to the state, as their relatives could house them, and they could then join the work force and exercise their skills. Given that the aim is to build society, community and family, I hope that special attention is given to joining up those families who are willing and able to contribute to the economy. We should not look in different places for people with no previous roots in this country.

Mark Hunter: My hon. Friend makes an excellent point, and I am sure that the Minister will want to respond to it later.

My party's other concerns include possible burdens on businesses and universities. Better partnership working is, of course, to be welcomed and, in theory, the proposals on sponsorship have considerable merit. However, bureaucracy has a tendency to expand as time goes on, and I hope that the system is as user friendly in practice as has been promised.

I notice from the guidance that the Home Secretary can ignore the skills advisory board's views, but I hope that the Minister will confirm that that is not intended to be standard practice. In addition, as flexibility will be a key issue for the SAB, it would be useful if the Minister gave us some indication about the regularity with which the board will report. With seasonal and agricultural labour in particular, any delay on the part of the SAB or the Government could result in worker shortages.

John Bercow: The hon. Gentleman is concerned that the Government should heed the views of the SAB. In

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most instances, and on the assumption of its competence, I share that view, but does he agree that it is not imperative that the Government always go along with the views of a body that is simply there to advise? However, if Ministers were to decide to go in a different direction, does the hon. Gentleman also agree that they would owe the House an explanation of their reasoning?

Mark Hunter: I very much agree with that, and I guess that the Minister will want to return to the point later on.

Although I praise the Government's efforts to make the system simpler, and believe that they have largely succeeded in that respect, the process of economic migration into Britain will remain fairly complex. Indeed, the Command Paper praises the fact that the new arrangements will be what it specifically calls "sophisticated". That is why a detailed assessment of the pilot scheme will be necessary, and why lessons must be learned. There will be many links in the overall chain making up this policy and a weakness at any one of them could undermine the system as a whole. Any such problems will need to be ironed out during the phasing process. Anyone who has dealt with the points system for local authority housing—and I guess that that includes many hon. Members present for this debate—will know that it is not necessarily a panacea, and that it certainly does not always produce the right or logical result.

I believe that the Government are on the right track with the proposals. If they can implement the system efficiently and effectively in the way outlined in the Command Paper and if they can follow up the policy with effective action on illegal entry into Britain, they will have gone a long way to restoring confidence in the system of economic migration. Those are big ifs and the pilot scheme will need detailed scrutiny over the coming months and years if we are to restore confidence in the system.

8.28 pm

Mr. Andrew Smith (Oxford, East) (Lab): I welcome the measured tone of the previous speech. It is clear from both the speeches of the Opposition Front-Bench spokesmen that they do not have an alternative policy, and that is probably quite a good thing. The more measured a debate we can have about immigration policy issues, the better it will be both for getting the policy right and for the general tone of public debate and community relations.

I greatly welcome reform, but I have some reservations about the proposed system. I do not disagree that what we have at the moment needs to change. I do not think that anyone would disagree with that. It makes sense to rationalise the 80 streams of immigration into something simpler, more transparent and more straightforward, with a clearer sense of people's entitlements. It makes sense to do so with extensive consultation and I welcome the consultation that the Government have undertaken. However, I have some questions on the practicalities of the scheme and on the principle, as well.

I am glad that the Minister recognised the challenge ahead of him in translating the system into something fair and practicable. When I asked him which of the skill tiers chefs in south Asian restaurants would fall into he gave the honest and clear answer that they could fall into both, depending on their skill level and, I dare say, demand, remuneration and all the other factors that will have to be judged. Given that one of those tiers carries with it the right of settlement after five years and the other does not, there will be some powerful and natural human pressures, as well as all the tensions, and some risk of abuse in the system, which will have to be addressed before the system can be introduced.

I commend greatly the Minister's commitment to have further discussions with the associations that represent south Asian restaurateurs to put in place a system of sponsorship that enables responsible employers with a record of compliance with immigration and work regulations to employ the workers they need. A lot of care will have to be given to that if we are to have a system in which people have confidence, as well as one that meets the human and economic needs that are in play. I underline the point that has already been made that care will have to be given to ensure that small employers are not disadvantaged, either by their lack of understanding of the system or their inability to deal with the bureaucracy. As Members on both sides of the Chamber are always saying, it is the small employers who generate the jobs in this country. They are the ones who will have to operate the system if it is truly to succeed.

The Under-Secretary of State for the Home Department, my hon. Friend the Member for Leigh (Andy Burnham), said that there was a key economic test—a test of the economic contribution that workers could make to this country. When we talk about skills shortages in that respect, we sometimes need to think a bit more carefully about the language that we are using. I am not sure that there is a skills shortage; there is a shortage of labour, in different skills categories, ready to work at the going wage rate in that category.

In those terms, it is perfectly plausible that, at some point in the future, there will be labour shortages in lower skilled categories that may be as great—if not greater—as those in some higher skilled categories. That is why, when my right hon. Friend the Home Secretary made his statement, I asked him whether different groups would be dealt with on a fair basis in that respect. The answer that we should address skills shortages or labour shortages in different skill categories by training applies equally to all the categories—the higher ones as well as the lower ones. Equally, the argument that we might want to meet needs through immigration can apply to the less skilled categories as well as to the more skilled categories. There are some powerful humanitarian arguments as to why that should be the case.

I wonder whether Ministers share my unease about proposing to bring in a system that is institutionalised discrimination against the least skilled and the poorest. I share some of the concerns voiced by my hon. Friend the Member for Walthamstow (Mr. Gerrard) about what that might mean for the employment rights of those who are working here in the least skilled categories. When someone's right to remain in the country depends on their employer, they are in a vulnerable situation. If a system such as this is to be introduced, it is important that careful attention is paid to the rights and terms and conditions of the workers who are being employed.

I also worry about the extent to which a system such as that proposed will limit the opportunities for significant groups of people to come here from many Commonwealth countries, with which Britain has historical, cultural and family ties. If there were a demonstrable labour shortage in a relatively low skilled area and even those arriving from central and eastern European states were not filling the vacancies, I wonder whether it would not be fairer if some unskilled workers were allowed in without having their rights curtailed to a year's residence.

Another question is what happens to someone who enters under the third tier—relatively unskilled—and, during their time here, demonstrates that they can benefit their employer just as much as someone in a more highly skilled tier. Would they be able to earn a change in their status, which would carry with it the right of settlement? It is that sort of practical and very human question that will arise in the operation of the system.

Hon. Members on both sides of the House have rightly praised the enormous contribution made to this country by previous generations of immigrants. We do well to remember that those previous waves of immigration included many people who came here as relatively unskilled workers, but who developed their skills and made a big economic contribution. Their families prospered, as did the society that was pleased to have them. It would be sad if we were to deny that possibility to some workers in the future.

I also worry about what the system will mean for poorer countries. If we take only their most skilled workers, and take none of their relatively unskilled workers, an imbalance will be created. There is a danger that we will take too many of the workers that those countries need and deny many poorer communities the stream of remittances that—as has been pointed out—is an important factor in the relief of poverty there.

We need to consider all the practicalities of the scheme very carefully. I hope that we might be able to consider, even now, the recruitment of relatively unskilled workers when there is a demonstrable need, so that their settlement rights are not curtailed. Both on human rights grounds and because of the risk of exploitation, there are weaknesses to a system that operates in that way. I hope that there will be further consultation on the system and careful reflection on the points that I have made, so that we end up with a fair and practical system that commands public support because its integrity is beyond reproach.

8.38 pm

Mr. Peter Lilley (Hitchin and Harpenden) (Con): We are asked to consider today a points-based system of managed migration. Most of the management gurus tell us that the important aspect of any management system is not the process, but the objectives towards which it is managed. That is also true of a points-based managed migration system. How it will work will depend above all on the objectives the Government use it to pursue. I wish to discuss, first, what the Government's objectives are, and secondly, what the objectives should be for any points-based managed migration system.

Happily, we know—not, admittedly, from the Minister's speech, but from other sources—what the objectives of the Government's migration policy are, because they were spelt out objectively by Home Office officials in a Government document that the House required them to produce. That document stated:

> "The government wants to encourage lawful migration to the country . . . sustaining and perhaps increasing current levels of lawful immigration."

So we know that the Government's objective is to encourage, sustain and increase lawful migration to the UK, presumably using the proposed system to achieve it.

The Government have certainly been successful in increasing immigration. The net inflow last year was about 223,000 people; more came to settle in the UK than left to return home or emigrate. The figure for net immigration was five times the number Labour inherited in 1997. We know how the Government have achieved that figure: by systematically liberalising the immigration rules. They have trebled the number of work permits granted and drawn to companies' attention the fact that they can bring people from abroad to fill vacancies. In the pamphlet I produced last year, "Too much of a good thing?", I list 10 other liberalising measures that the Government have introduced.

Above all, we know how the Government will operate a points-based system if they generalise it, because they have already introduced one such system. In 2002, they set up the highly skilled migrants programme, setting the number of points people needed to be able to come to this country and seek work. The Government set the points objectively, to establish the level of skill they thought desirable in anyone given the right to seek work in the UK.

Only a modest number of people applied under the scheme, however, so did the Government accept that that was the number who should be allowed to immigrate? No, they promptly reduced the number of points needed to acquire right of entry under the scheme to such a degree that the system was overwhelmed. We know that the Government will, if need be, manipulate a points-based system to achieve their objectives of encouraging, sustaining and possibly increasing immigration.

What should be the objectives of a points-based system? First, let us dispose of the notion that one objective should be to exclude economic immigrants because they are intrinsically undesirable. The caricature of economic migrants as welfare scroungers, driven by a desire to milk our benefit system, prone to criminality and a danger to society is not simply wrong; it is by and large the reverse of the truth. For most of my life, I have lived in areas where there was a large number of immigrants. I have known them as my neighbours, worked with them as my constituents and worshipped in the same Churches, and I have concluded, like anybody who knows the facts, that the vast majority of people who come to the UK to work are decent, hard-working and law-abiding.

Conservatives particularly admire two virtues that characterise economic migrants; they tend to be enterprising—they have to be to get to this country—and to be driven by family commitment and cohesion. We are biased in their favour. In the language of "1066 And All That", we think immigrants are "a Good Thing", but the implication, common to both sides of

[Mr. Peter Lilley]

the debate, is that we need to manage migration and that we need to restrict it—that we can have too much of a good thing, and there should be limits.

Secondly, let me dispose of the notion that the reason for managing migration is that immigrants take British jobs. As my hon. Friend the Member for Buckingham (John Bercow) said earlier, that idea is based on the lump of labour fallacy. In any well-working market the number of jobs will sooner or later equal the number of people seeking work, who will price themselves into jobs and by obtaining them generate extra demand, exactly equal to the amount of demand that they have absorbed from the labour market. However, precisely the same fallacies lie behind the Government's claims that we need workers to fill shortages.

Whereas those who want to play the race card argue that there is a lump of labour—a fixed amount of work to do—and that, if we allow in immigrants, there will be too many of them and they will take some of that fixed amount of jobs and some of our people will be out of the work, the anti-racists, including the Government and my hon. Friend the Member for Buckingham, say that there is a fixed amount of work, but that there are not enough people to do it and that we must therefore import them from abroad. That is the same fallacy, based on the same logical mistake that there is a lump of labour, that prices do not work and that extra workers do not create extra demand.

Indeed, the very idea of a shortage in a properly functioning market is problematic. The vice-chairman of the US Commission on Immigration Reform said:

"the very phrase ... 'labour shortage' provokes puzzlement or amazement among most informed analysts of ... labour markets."

His colleague added:

"Long term labour shortages do not happen naturally in market economies. That is not to say they don't exist. They are created when employers or Government agencies tamper with the natural functioning of the wage mechanism."

So shortages can occur only in unusual circumstances.

The idea that we suffer from a generalised labour shortage is denied by the evidence. The symptom of a shortage in any market economy is a rising price. If we had a labour shortage in this country, we would see wage inflation, but we have never had a period of lower wage inflation in our lives. The idea that we are suffering from a labour shortage is manifestly untrue.

The idea that importing labour fills established shortages has also been disproved by the facts. The Prime Minister began some years ago to say that there are 500,000 vacancies in the British economy and that we need to employ people from abroad to fill them. Some years later, we have imported more than 500,000 people; there are still 500,000 vacancies in the British economy. So that theory has not been proven, because all those who come to work in this country and get jobs generate as much demand for additional work to fulfil their consumption needs—the goods and services that they consume—as they fill any shortage that exists before they arrive. That is why that theory simply does not work in this or any other country: we do not end shortages by importing workers.

As for shortages in certain sectors, they can surely only persist if pay is not allowed to rise to the market-clearing level that will attract people to acquire those skills domestically. If pay is held down artificially in sectors by importing people from abroad who are willing to work at below the market-clearing level for this country, a temporary shortage can be rendered permanent. Of course, the pay will not rise to the level at which people in the domestic market will acquire those skills, so people must continue to be imported from abroad. That has clearly happened in a number of professions in this country, particularly in public sector health and medical services.

The Government's whole theory that there are endemic shortages that can be filled only from abroad is, by and large, wrong. We should avoid becoming permanently reliant on immigration to provide any skill that can and should be acquired by the resident population. We should allow the market to work, with pay rates rising to levels that attract people from the resident population to acquire those desired skills. Even if we import people to meet short-term difficulties, we should not allow that to be used as a reason to depress pay rates in that sector. That would allow the shortage to become permanent.

What the system should do is focus on giving work permits to people with skills that people in this country cannot acquire by the normal processes that are used to fill vacancies. There are such skills and, in the past, they have been the main reason for importing workers from abroad. The first such type of skill is company-specific skills. Companies have their own way of doing things and those that operate worldwide will often want to bring their accountant to this country to install their accounting system here, to train people to operate that system or to introduce their work-flow processes. For all the systems that IBM or Coca-Cola have, they will bring workers here to establish the systems. In due course, those workers will probably return home having transmitted the skills that are specific to that company to people in this country. That is fine and right; we ought to encourage that process. If anything, we should make it easier for international companies to transfer personnel from subsidiary to subsidiary across the world so that they can transfer the specific skills that have been developed internally within those companies.

The second type of skill that one cannot easily just acquire is entrepreneurship. I believe that entrepreneurs are born rather than made. If we can import more entrepreneurs who will generate high-quality jobs in this country for other people, that is excellent. Let us do that. It is another reason that we have traditionally given for granting work permits.

Another category is that of star performers—the people of outstanding skills at an international level. Many sectors of the City need a star performer in their analytical or sales teams. In medicine, one may need a star performer to develop a particular team and its expertise. We should bring in the star performers and, around them, they will generate teams and create jobs and wealth for those of us who star less in those professions.

Very rarely, there can be cases in which economies of scale mean that it is impossible to recruit domestically sufficient people with the particular skill for a post because we do not have the people with the basic

aptitudes to fill such posts. An industry the size of the City probably could not meet all its needs from the domestic population, so it is perfectly reasonable to allow it to bring in additional people from abroad to build the huge wealth-generating capacity that the City has.

We therefore need to encourage some immigration. Some immigration is a good thing, but I use the analogy of oil and petrol. We need some oil in a car or it will not go at all. However, putting more and more oil in it does not make it go any faster. It is not like petrol. The Government seem to think that immigration is more like petrol than oil. They think that if they put the foot on the accelerator and encourage people to come, the economy will grow faster and faster.

We need some sensible targeted immigration through a managed points-based system. However, to respond to the hon. Member for Leicester, East (Keith Vaz), why do we need to worry about numbers? If immigrants are a good thing—in my view, they are; by and large, they are admirable people—why do we want to impose any restrictions at all? The answer is that we are one of the most densely populated countries in Europe. South-east England, including London, is more densely populated even than the Netherlands. It is absurd to suggest that there not enough people here to run a good economy. It is absurd to suggest that we need to—or even can—attract relatively large numbers of people. It is absurd to suggest that we ought to be a country of immigration. For most of our history we have been a country of net emigration, and it is only in recent years that we have become a country of net immigration.

Pete Wishart: What would the right hon. Gentleman say to countrymen of mine who face the fastest depopulation in the whole of western Europe? I accept that there might be overheating in the south-east of England, but we will have chronic problems unless we address our population issues and crisis.

Mr. Lilley: The idea that southern England needs to be encouraged to import masses of people because Scotland is unable to retain its own population would be wrong. In any case, I have good news for the hon. Gentleman: the flow from Scotland to the rest of the UK has ceased and reversed. The latest figures show that there is now a net flow back to Scotland from the rest of the United Kingdom, so he need not worry too much. Keep up the good work and make the country as attractive as the rest of the United Kingdom and it is all solved—*[Interruption.]* I speak as someone who is half-Scottish and wants to see that happen. I have to add that Scotland is intrinsically perhaps the most attractive part of the United Kingdom, but the political policies that have been pursued there in recent years have had the negative effects that the hon. Gentleman bravely pointed out.

It is sensible to have some limits on the number of people coming here. We know from the Government's forecasts that they expect the population of the United Kingdom over the next quarter of a century to increase—predominately in the south-east of England—by some 6 million or 7 million people, of whom 85 per cent. will be the result of expected net immigration into this country, even assuming, as the Government do, that the rate of such immigration diminishes sharply from the rate that we experienced last year. I hope that the Government will use their proposed policy to allow sensible forms of immigration, rather than as a cover for substantial continuing immigration that will cause the pressures on housing and land use and the creation of congestion that we in the south-east have seen, but the Government refuse to acknowledge, which lie behind the problems that I and most of my colleagues in neighbouring constituencies constantly face as we are urged to build more and more houses for more and more people.

8.57 pm

Keith Vaz (Leicester, East) (Lab): I start with an apology—I have already apologised to the Minister—for not being able to be here at the end of the debate. However, bearing in mind that the Minister and the hon. Member for Ashford (Damian Green), the Conservative Front-Bench spokesman, were on their feet for an hour and five minutes, I do not think that many issues will need to be clarified in the wind-ups. I congratulate the hon. Member for Cheadle (Mark Hunter) on his maiden Front-Bench speech. It was a model maiden speech that went on for only 13 minutes, and I hope he makes many contributions from the Front Bench of that length.

I pay tribute to the Minister for Immigration, Citizenship and Nationality for the work that he has done to ensure that we have the beginnings of an appropriate system for immigration control. I was going to praise the scheme even more and embellish my praise, but the hon. Members for Ashford and for Cheadle both claimed ownership of it as Conservative and Liberal Democrat policy. Whoever's policy it is, it is right that we have taken the trouble to spend time examining the various schemes that operate in the policy area and reducing the number of schemes from 80 to five. However, like my right hon. Friend the Member for Oxford, East (Mr. Smith) and my hon. Friend the Member for Walthamstow (Mr. Gerrard), I have reservations about aspects of the way in which the system will operate.

The Minister for Immigration, Citizenship and Nationality will know from his constituency experience the importance of getting our immigration policy right because it deals with not only the people mentioned by the right hon. Member for Hitchin and Harpenden (Mr. Lilley)—those coming in—but those who are here: the settled community. It is absolutely vital that we deal with immigration policy sensibly and maturely, and having an Adjournment debate rather than a whipped vote on an aspect of policy makes it easier to do so. However, when we have had whipped votes on immigration policy in the past three or four years, the House has not divided.

I hope that the system that we are debating today will enable us to achieve clarity on the way in which applications are made. One concern that has always been with me since I started to do immigration work in my constituency is the complexity of the work permit scheme. Sometimes, a work permit is issued in Sheffield, but when the applicant is interviewed in Mumbai or New Delhi, the application is turned round. In such cases, the trouble and expense of obtaining the work permit is suddenly put to one side, which creates enormous difficulties for enterprises that rely on bringing people into the country in order to fill the skills gap.

[Keith Vaz]

In introducing a new policy, I am also concerned that we bring members of staff with us so far as the facilities at Sheffield and Lunar house are concerned. It is important in dealing with a new set of rules that those who will implement the policy are fully up to speed with what has been proposed and that they are also part of the mechanism by which we improve the system.

I hope that the Minister will tell us something about the results of the recent inquiry into the immigration and nationality directorate in his winding-up speech. I thought that the Minister was a bit harsh on the hon. Member for Putney (Justine Greening), because she raised issues about the way in which the IND operates, such as the length of time that it takes for hon. Members to obtain replies to questions. I, too, have received letters from the IND about cases that I have been dealing with for several years, and those problems have not been resolved. I know that the IND has a new director-general, Lin Homer, who has brought a fresh approach to the way in which it operates, but when one writes to constituents and tells them that their case will be dealt with in 13 weeks, it is important that they receive a response within that period.

Although the Minister has provided a written answer to the allegations made by Mr. Panmani about the problems that have occurred in the IND, we have not received a definitive response from him on the steps that he has taken. He identified the serious problems and set up the inquiry very quickly, and I congratulate him on doing so, but it is important that he makes it clear that those matters have been dealt with and that those responsible for some of the practices at the IND have been dealt with severely. Confidence in the system means confidence in those who are administering the system, which means those at Lunar house and other Home Office facilities.

We also need a more joined-up approach on the decision-making process. A lot of the information gathering will take place at the overseas posts, so we should not underestimate the importance of the entry clearance system. I know that the hon. Member for Ashford has referred to that point in passing, but it is important that we get the decisions right in the overall way in which we deal with immigration cases. We must realise that those applications will be considered here, but when we get the information from the overseas posts, it is vital that it is as accurate as possible.

I also share the legitimate concerns expressed by my hon. Friend the Member for Walthamstow about the right of appeal.

At today's sitting of the Select Committee on Constitutional Affairs, we took evidence from the president of the asylum and immigration tribunal, Sir Henry Hodge, and the lead judge of the administrative court, Mr. Justice Collins, who was worried and concerned about the tribunal's backlog. He said that it was 80,000 cases. He has opened all the cupboards at the tribunal's offices, and he found that there were more cases than he thought. We asked whether the abolition of the right of appeal under the Immigration, Nationality and Asylum Bill would help, as there will not be any rights of appeal on work permits and in student cases, but he said that it would not make any difference. Why abolish or prevent appeals, when it is possible to have a system that will allow someone other than the departments themselves to scrutinise decisions by officials? It is vital that we reconsider the issue and make sure that there is a right of appeal. In my view, that is the most important way in which we can guarantee that justice is done. The scheme has been set up, and its broad thrust is apparent. I accept that the Minister is not going to announce today that the right of appeal is to be retained or restored, but I hope that he accepts that abolishing it will not suddenly reduce the number of cases brought to tribunal, as the president of the immigration appeal tribunal says that it will not make any difference.

Finally, may I raise the subject of chefs, to which I have previously referred? I thank my hon. Friend the Minister for meeting colleagues and myself to discuss the issue. There are some fine restaurants in his constituency of Harrow, East, in Harrow and in Stanmore. It is an important industry for Britain—10,000 restaurants make 2 million curries every week—worth £2.5 billion. I am sure, Mr. Deputy Speaker, that you and other hon. Members have a favourite Indian restaurant. It is probably run by Bangladeshis, but they are called Indian restaurants, so let us be fair to them all and call them south Asian restaurants. If the Minister goes to the Maurya restaurant on Stanmore broadway on Saturday and asks the owner about his chef, he will discover that he has come from abroad. If he goes to the Tales of India restaurant on Buckingham parade in Stanmore he will find that the chef has come from Sylhet. If he goes to the fine restaurants in Harrow, they will say that their chefs are brought to this country. They will all say that there is a shortage of specialist chefs now. The Minister says that the scheme, with its wonderful tiers, will solve the problem of shortages. He guarantees that no chef who has cooked in a five-star restaurant in Mumbai will be refused admission because he cannot get into tier 2. That is a significant challenge. I guarantee that many chefs in five-star hotels on the sub-continent will want to come to work in our country.

Mr. Lilley: Will the hon. Gentleman give way?

Keith Vaz: I will do so if the right hon. Gentleman's intervention is about chefs.

Mr. Lilley: As a crass economist, may I ask why there is a shortage of chefs? Could it be that their pay is not enough to attract people from the community in this country to do the job? The rate is held down by the constant flow from abroad.

Keith Vaz: No, that is not the reason. The right hon. Gentleman can go and visit his fine Indian restaurant in St. Albans. I dined in the Royal Bengal with his next-door neighbour, the hon. Member for Hemel Hempstead (Mike Penning), only last Thursday, when we talked about the chefs who come to Hertfordshire. They come there because those restaurants advertise in jobcentres and in the ethnic press. They advertise to find somebody who is able to take up that employment at the price that is right for the industry. They get no responses because nobody wants to work in those restaurants, not because of the price, but because they do not have the skills.

The problem is partly cultural. The Home Secretary said that his special adviser on these matters was Mrs. Delia Smith. I picked up the last Delia Smith cookbook, but I saw no curries in it. The Home Secretary and the Minister think the answer is to set up training schools for chefs. The younger generation do not want to become chefs. They want to find other careers. The right hon. Gentleman shakes his head. He can come with me and I will show him restaurants. The younger generation do not want careers in that industry. It is not a question of money. That is why restaurant owners have to look abroad.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): The point that my hon. Friend is making about chefs applies equally to halal butchers of the most expert, religiously trained and skilful kind.

Keith Vaz: Absolutely, and my hon. Friend will not find many of those in Hertfordshire. People have to be brought from abroad to fill such posts. That is what worries me.

I like the Minister. I have known him for many years and I know that he cares deeply about the ethnic minority community. He is assiduous in attending their functions, eating their meals and being part of the local community in Harrow, so he has first-hand experience of these matters. I put him to the test. He tells me that the new points-based system will deal with the 20,000 vacancies in the industry. He says that the people who do not qualify as chefs and who have no skills will qualify under one of the other tiers and will come from one of the new member states of the European Union.

We welcome the arrival of those from the new member states. They have made a huge contribution to our economy. Almost 330,000 have come to the UK and helped our economy greatly. They are doing jobs because they have the skills to do those jobs. Only a tiny minority of those who came from the new member states are on benefits. If they come in order to work in restaurants, they come on a temporary basis. That is not a career path for them, as it is for someone who comes from Sylhet, joins a Bangladeshi restaurant in Harrow and wishes to learn the skills and remain part of that industry. That is the difference between the short-term fix that the arrival of the new member state population will give us, and the long term.

My hon. Friend the Minister is right to say that when Germany, France and the other countries change their derogations and allow Polish and Czech workers to go to their countries and work on the same basis as we allow them to work in the UK, we will have the same shortage again and we will have to look abroad. I ask him to be very careful about this. The industry is important for us and we want to make sure that it remains successful, as my right hon. Friend the Member for Oxford, East said. Please monitor the scheme and make sure that there is a long implementation so that if things go wrong, we can put them right. In the end, when we judge the new scheme, the proof will be in—to coin a phrase—the rasmallai.

9.14 pm

Jeremy Wright (Rugby and Kenilworth) (Con): I preface my remarks by saying that whenever this House debates immigration, it is important that we use clear and precise language. We must also set our remarks in the proper context. I therefore want to make it perfectly clear that I am not merely tolerant of immigration into this country but positively in favour of it.

As other right hon. and hon. Members have said, immigration contributes not only to our economic life but, far more broadly, to our cultural, political and social life. Perhaps this debate has been far too narrowly focused on economics, although I fully understand that that is because it is primarily about a system for managing economic migration. Nevertheless, it is right to recognise the other effects that immigration has and to say very clearly that we should not regard immigrants who come to this country for economic purposes merely as a transitory work force who are here only to satisfy our economic needs—because they can do much more, and should be encouraged to do so. I am referring primarily to the tiers in the system that may lead to economic migrants remaining in this country in the long term, or permanently, and subsequently becoming fully fledged citizens of this country. That is an exceptionally worthwhile progression, and surely something from which we, as well as they, can benefit.

Whenever we debate immigration we should face up to the hard truths. Perhaps in this House above all, those of us who feel strongly on this subject should be able to say what we think. There should be no check on what we say based on a fear that we may have of being labelled in a certain way. Whatever the Minister may have said at the outset, there is very little dispute between Members on either side of the House about the fact that it is clearly true that not everybody who wishes to come to live and work in this country can be accommodated here.

The Government have therefore sensibly conceded that there must be a mechanism whereby we decide which of those aspirant immigrants can come here and which cannot. The points-based system has a great deal to commend it, as is clear from the fact that Members on both sides of the House have spoken in favour of the general principles that underpin it. In effect, it assesses potential immigrants on the basis of what they have to offer this country economically. It can also inform the way in which we engage with recent immigrants once they have gone through the process that the system defines and we know who can come here to work, who will stay for the long term and who for the shorter term, and in what way they will contribute economically to this country.

Once we have established the principle whereby we allow people to migrate economically into this country because they have something to contribute, which is perfectly sensible, we can easily apply it to everything else that immigrants do in this country. Immigrants contribute not only to our economic life but to our arts, drama and music, and, as the hon. Member for Leicester, East (Keith Vaz) eloquently pointed out, to our culinary life. It is vital that we regard all those aspects in the round.

If we say to economic immigrants, "You are welcome in this country if you have something to contribute to our economy," we would also be right to say, "You have the obligation to contribute in other ways, too, if you stay in this country in the long term. You are obliged to participate in our life as a nation and comply with our laws." A crucial point, which the system recognises but

[Jeremy Wright]

the Minister did not mention specifically, is expecting people who come to participate in the life of the country to learn the language. It is right to include language ability in the assessment criteria. We, as a nation, should offer those who come to live here opportunities to learn our language so that they can participate fully. That must be our objective.

I would congratulate the Government if they took a profoundly sensible step, which would have a long-term impact on the way in which those who migrate to our country are assimilated, and help to welcome them as they should be welcomed. The Government should develop a system whereby those who become citizens of this country undergo a ceremony that formally recognises that. It is right to welcome those who become immigrants to this country properly. There should be formal recognition of those who commit to this country and become a citizen of it or an immigrant to it. They should be told that they are welcome and that we hope that they contribute not only to the economic life of our country but in many other ways.

Mr. McNulty: The elements that the hon. Gentleman properly describes are not in the document because it deals with the managed migration system. As I said to the hon. Member for Cheadle (Mark Hunter), we have substantive policy documents on integration, nationality, settlement, citizenship rights, the right to life in the UK and tests of language requirements, all of which I am more than happy to send to the hon. Gentleman. He makes fair points, but they are not appropriate for inclusion in the document.

Jeremy Wright: I follow the Minister's argument, but there is more advantage in the proposals than simply the ability to manage a system of economic migration. They also constitute an opportunity to establish clearly from the outset that people who come to this country can make a contribution, but that there are also expectations of them. The system's ability to admit those who can make a contribution benefits not only the economy but many other aspects of life. I understand the Minister's points, but the debate could be allowed to go a little wider, and that is what I have tried to do in my contribution.

However, with the reservations that my hon. Friend the Member for Ashford (Damian Green) expressed about whether the detail of the system will work as it should, I want to make it clear that I support what lies behind the scheme, not only because it is a way of managing economic migration but because it is a factor in a more wide-ranging system, which we can use to ensure that immigration works for the benefit of those who already live here and those who, quite properly, wish to do so.

9.23 pm

Pete Wishart (Perth and North Perthshire) (SNP): It will not surprise hon. Members if I approach the matter from a slightly different perspective—from the north. In Scotland we have chronic demographic problems. As I said to the right hon. Member for Hitchin and Harpenden (Mr. Lilley), we have the fastest falling population in Europe. For the first time in a century our population will drop below the symbolic 5 million mark by 2017, and is expected to fall below 4.5 million by 2041. We are the only constituent part of the United Kingdom with population decline on such a scale. For example, in the same period—up to 2041—we expect a population increase of some 7 million, which is a rise of 12 per cent., in England.

In the past decade we have attracted only 4.7 per cent. of migrants, although our total population is 8.5 per cent. of the United Kingdom population. Our demographic problems have been described as the single biggest challenge that faces Scotland in the medium to long term. Those are not my words but those of Labour First Minister Jack McConnell. He does not get many things right, but that assertion was absolutely correct.

It is clear from those headline figures that something is not working. If any constituent part of the United Kingdom needs creative and imaginative solutions to address this decline, it is Scotland. It is also clear that Scotland's problems are so different from the basic challenges faced by the rest of the United Kingdom that they must have Scottish-based solutions.

The simple fact is that we need people to come to Scotland. For our population merely to stand still, we shall need between 8,000 and 10,000 people to come each year for the next decade. If we do not achieve that, there will be massive consequences for every sector of our community. There will be a huge impact on our general economy, and deterioration in our community infrastructure and public services. Scotland will simply lose its competitiveness compared with other small nations in Europe.

To see how other small nations deal with such pressures, we need only to look across the Irish sea to the Republic of Ireland, a country in charge of its own immigration policy. It faced massive problems in the first half of the last century, with high levels of emigration from its shores, but it is now attracting migrants on a large scale. In fact, it has had nearly five times as many migrants as Scotland over the past few years. It is now introducing a green card system that will allow it to tackle its population problems much more impressively than we can in Scotland.

I detect in the general UK-wide immigration policy an underlying attempt to keep people out and to discourage them from coming here—I am sure that the Minister will say that that is not the case, and I respect the fact that the points-based system is an attempt to address the problems—but that is entirely the opposite of what Scotland needs. We need people to come in, and we need policies to attract them.

Mr. Charles Walker (Broxbourne) (Con): Why does the hon. Gentleman think that Scotland is having so many problems attracting people to live north of the border?

Pete Wishart: We are having those difficulties because we do not have control of our immigration policies. We have an Executive who have made sure that Scottish economic performance is way below that of the rest of the United Kingdom and of similar-sized countries in the rest of Europe. That is why we are having difficulty in acquiring the skilled migrants that we need. We need our own distinct policies to attract people if we are to deal with these problems.

Will the new points-based system help Scotland to address those challenges? Scotland's particular difficulties are acknowledged by the fact that someone would have to have lived in Scotland for only two years before residency was granted. That is half the length of time required in the rest of the United Kingdom. There is a further concession, in that a skills shortage list will be drawn up to target the skills shortages there, especially in the oil and gas industries. That is all very well, and all very welcome, but is it enough to address the chronic underlying problems?

To answer that question, we need to understand how the scheme will be administered. We have heard that that will be done through the skills advisory board. A further concession to Scotland has been made in the proposal for one Scottish representative—from Futureskills Scotland, I believe—to sit on the SAB. However, that will just be one Scottish voice in a chorus of UK-wide voices. Regardless of how forceful and articulate that one Scottish voice might be, it will necessarily be subsumed into the chorus of voices representing UK-wide interests.

I asked the Minister in an intervention about the future of the fresh talent initiative. That was the Scottish Executive's response to our chronic demographic and population problems. Feeble though it was, it was all we had. It was a programme that was able to attract skilled migrant workers into Scotland. However, the Minister's response to my intervention suggested that the fresh talent initiative has now gone, leaving us with no competitive advantage over the rest of the United Kingdom. Scotland's population problems will therefore be further entrenched.

How will the residency system work itself out? We welcome the fact that it will take only two years to get residency in Scotland, but because we have no distinct or separate immigration service, what will happen after those two years? Will people naturally slip down to London or the south-east of England? How will we be able to retain those people in Scotland after that two-year period has been concluded?

Many commentators have mentioned that the new points-based system is similar to the scheme operating in Australia. In many ways it is almost identical, but with one crucial and significant difference: Australia has full devolution of immigration responsibilities to state level. States can manage their own immigration requirements and introduce policies and approaches that will help them address some of their problems. Many states, such as South Australia, Queensland and Tasmania, experience challenges similar to those faced by Scotland, but the Australian system allows those states the flexibility to control their immigration policy.

Australia has recognised the benefits of area-specific migration policy for the past 10 years, and has benefited significantly from being able to control immigration policy, determine priorities and give residency status to migrants way beyond what is required for the normal Australian model. If that can work in Australia with a system of state federal government, why can it not work in the UK with devolved government? Scotland has a Parliament in Edinburgh and distinct and different immigration requirements, so why cannot it have the proper powers to address those?

Of course, the most effective way of tackling our demographic problems would be to have the full powers of a normal small nation. We only need to look at Ireland as an example. With the introduction of its green card, it is building on successive decades of success in attracting migrants. We can only look at that jealously, and reflect on what could be achieved in Scotland were we able to do that.

Since the emergence of the Celtic tiger economy in the 1990s, Ireland has seen a huge turnaround in immigration. My reply to the hon. Member for Broxbourne (Mr. Walker) is that Ireland has benefited from being in charge of its economic policy and being able to determine its own agenda in terms of economic policies and prosperity.

Damian Green: The hon. Gentleman is making an extremely interesting point about the contrast between Ireland and Scotland over the past 15 years or so. Will he reflect on the fact that the principal reason for that is that the Irish economy has moved in a steadily deregulated direction, while the Scottish economy, under a Lib-Lab Government, has moved in a steadily over-regulated one?

Pete Wishart: I am grateful to the hon. Gentleman for those comments and observations; he is probably correct. I am glad that his party's shadow Chancellor acknowledged the success of Ireland on his visit there. Seeing companies such as Google and Bloomberg settling in Ireland as opposed to London is also very positive. It all suggests to me what could be achieved in Scotland if we had our hands on those powers. Being able to adopt that approach and that type of policy would make such a difference to the Scottish economy and the destiny of my nation.

Mr. Lilley: I believe that the Scottish Parliament has the power to reduce taxation. Does the hon. Gentleman's party support that as a way of attracting more people to Scotland?

Pete Wishart: If anything, that is a trick question, and I will resist the temptation of venturing an answer. Scottish parliamentary elections will take place next year, and I am sure that the right hon. Gentleman will wait with great anticipation to see what the fiscal policy of the Scottish National party will be.

To conclude, Scotland's immigration requirements are so far out of kilter with those of the rest of the Untied Kingdom that we must have specifically Scottish solutions to deal with them. We have introduced the idea of a green card system, similar to the Irish model, and we need to adopt such imaginative creative approaches. If we do not, we will continue to see economic decline and deterioration in the quality of life in Scotland. I again urge the Minister to consider the Australian model, how it has devolved power to state level and whether it is suitable and appropriate for Scotland. Surely we need our hands on the tiller so that we can use such powers to make a real difference to what is described as the biggest challenge facing Scotland in the medium to long term.

9.34 pm

Mr. McNulty: On the whole, my opening remarks about welcoming such a debate were well made, because it has been, on the whole, an interesting debate. Many extremely reflective and thoughtful contributions have been made on the substance, details and practicalities of the new system, without demurring from the overall shape and framework of the system. For that, I am enormously grateful.

I shall not spend undue time on each and every point that has been made, but I shall deal with the broad thrust of what Members have said. One theme was how lower-skilled workers fitted into the overall system. That was a moot point, particularly for my right hon. Friend the Member for Oxford, East (Mr. Smith). We need to consider wider issues, such as the need not to build in too much reliance on what may appear, at least at this stage, to be an unending stream of people from eastern Europe and the A8 countries making very positive contributions.

The key point must be that the system rises and falls with the needs of the economy. In an intervention on the speech of my hon. Friend the Member for Leicester, East (Keith Vaz), the right hon. Member for Hitchin and Harpenden (Mr. Lilley) described himself as a crass economist. Without, I think, being unduly offensive, I will give the right hon. Gentleman "crass", because I did not agree with his comments at all. I thought that his attempts to analyse a labour market were quite fourth-form. We have heard such views before. We have heard them put less eloquently by Sir Andrew Green and other characters, and we heard them put far less eruditely by the Conservative spokesman, the hon. Member for Ashford (Damian Green).

I am afraid that the position of Conservative Front Benchers is still deeply confused. I will give them this: if we deem May and June 2005 to be the immediate election and post-election period, while it appears that the leadership has reached October or November of that year in its Pauline conversion to things more civilised, I fear that the hon. Gentleman is stuck somewhere around the day before the election. Neither of those speeches was terribly good.

My hon. Friend the Member for Leicester, East—he has left, but he told me that he would have to—is entirely right. If our managed migration system is indeed driven by the questions "What are the needs of the economy?" and "What are the needs of the country?", it is obtuse to talk of limits, numbers and quotas to the extent that the hon. Member for Ashford did—or, worse, to talk in a "second gunman on the grassy knoll" conspiratorial way about the liberal elite simply wanting to get more and more migrants here, for what purpose I do not entirely understand.

I really thought—and most contributions acknowledged this—that in welcoming the points-based system we had reached a stage at which there could and should be mature reflection on the needs of the UK economy. I agree with the hon. Member for Rugby and Kenilworth (Jeremy Wright) that the sum of what migrants have contributed to this country goes far beyond the economic dimension, entering social, cultural and other dimensions. However, the thrust of any managed and controlled migration system must be principally economic.

Damian Green: The Minister is adept at spraying around words such as "obtuse" and "uncivilised", which he has used in the last three minutes, but less adept at answering a simple question. Does he agree with the former Home Secretary that there is no obvious upper limit on legal immigration to this country?

Mr. McNulty: The hon. Gentleman may talk of my "spraying around" phrases, but if he is obtuse, he will be described as obtuse.

Damian Green: Answer the question.

Mr. McNulty: The answer to the question is simply put in the living, breathing elements of the points-based system. What is required by the country and the economy is the appropriate level of migration. It is facile and fatuous in the extreme to talk of upper limits, as happened during the general election. The hon. Gentleman would have it that the country needs a certain number of migrants for the next decade—x migrants—and that is it. Regardless of whether parts of the economy are starved of skills that particular migrants might have, the view of the Conservative party and the hon. Gentleman is that the future of the economy and the vibrancy of the country can go hang if we reach x + 1: one above the facile and fatuous quota that he would set for migration.

The hon. Gentleman's facile argument—it is not a conspiratorial one involving Back Benchers—is that the liberal elite want more and more migration. I repeat: the premise for any managed migration system must be the prevailing economic needs of the United Kingdom in the next five to 10 years that will not be met by the EU-wide labour market. That must be the only driver. However, the hon. Gentleman has some other intention and, once again, he deliberately conflates—he needs to stop doing so if he wants to remain on the Opposition Front Bench—race, community cohesion, asylum, immigration and a whole range of other matters. This is all that a quota is about, and he should be ashamed of himself.

Damian Green: If I had done anything like that, I would be ashamed of myself, but the person who should be ashamed of himself is the Minister. Nothing that I have said this evening could conceivably be construed as having anything to do with damaging race relations in this country. Both this evening and in every speech that I have made since taking this job, I have deliberately made it clear that the cross-over between asylum and immigration is often done improperly, and that they are two entirely separate areas. The Minister demeans his office by making this cheap insult.

Mr. McNulty: The hon. Gentleman is being deliberately obtuse. He has offered the view that the scheme lacks rationality without a quota. He has said, in terms, that it cannot constitute a way forward unless we say what the limit on immigration should be, and he condemned himself with that fatuous claim. It is as fatuous as his even more obtuse claim at the last election

that an asylum limit or quota should somehow be established. How, in the context of the 1951 convention, that can possibly be done defies belief; so, subconsciously or otherwise, he is obtusely conflating all the issues that the Conservative party deliberately conflated at the last election. That is a matter of regret, because the hon. Member for Rugby and Kenilworth did not do so and neither did the right hon. Member for Hitchin and Harpenden. I profoundly disagree with the right hon. Gentleman's economic analysis and, therefore, his conclusions, but he did not conflate such issues in the scurrilous way that the hon. Member for Ashford did.

Damian Green: Will the Minister give way?

Mr. McNulty: No—I am bored. The hon. Gentleman is boring me now. He has nothing of substance to offer, which is a shame because most the contributions were thoughtful and reflective and raised very real concerns about low-skilled workers and, for example, the practicality of administrative reviews compared with appeals. Such issues are still being discussed.

I congratulate the hon. Member for Cheadle (Mark Hunter) on making a thoughtful maiden Front-Bench contribution. I would have liked to congratulate the hon. Member for Perth and North Perthshire (Pete Wishart), but I shall not because he spoke absolute nonsense. The notion that, in a UK setting, Scotland's answer in respect of immigration is to have its hands on all the tillers is bunkum—unless the hon. Gentleman is going to explain, in his own paper on a points-based system, perhaps, that border guards will be stationed at Hadrian's wall to let people in and out of Scotland, and that there will be various other port controls.

Scotland is an integral part of the UK and its problems—I accept that they are very real; I have discussed them extensively with the Executive—will best be dealt with by the Scottish Executive and the UK Government sitting down together and working them through. Some matters are devolved and are therefore particular to the Executive, who have done a great deal of work to increase Scotland's attractiveness as an inward investment destination—very successfully—and as a destination for migrants. I congratulate them on that and as I said to the hon. Member for Perth and North Perthshire when he intervened, there are further measures we can take in respect of the points-based system, and we are talking to the Scottish Executive about them. But the notion that, once Scotland is independent and free at one leap of London's tyranny, all its very real demographic problems will be solved is absolute bunkum.

Pete Wishart: I am astonished at the Minister's response to a rather measured inquiry. Why cannot what happens in Australia, or between Northern Ireland and Ireland, happen in Scotland too? Those are examples of how the devolution of immigration can work to help the states involved significantly. I merely want the best solution for Scotland.

Stephen Pound (Ealing, North) (Lab): Australia is different.

Mr. McNulty: As my hon. Friend notes from a sedentary position behind me, Australia is entirely different—in scale, geography, history, and in terms of its economic needs and demands. The hon. Gentleman is wrong to lump together the Australian system and the points-based system proposed for this country. Essentially, and critically, the UK is not a federal system in quite the same way as are Australia's six states and one territory.

The hon. Member for Perth and North Perthshire draws parallels with Ireland, and conveniently suggests that Irish history began about 12 years ago. He prays in aid a small nation that, until recently, was the one European country with a population much smaller than it was 100 years ago, for all the obvious reasons. I am the son of an Irish economic migrant, and I glory in the success of the Irish economy, but the parallels that the hon. Gentleman draws are, at best, hysterical—I am sorry, I mean ahistorical, although they are probably hysterical as well. They are not appropriate in any way, shape or form, not least for reasons to do with regulation.

As I said earlier, I am enormously gratified by the overwhelmingly positive welcome that the Command Paper has received. We will go further by the summer, when we will lay out what we consider to be the next steps, in respect of both consultation and detail. We do not underestimate the nature of the task in any way.

Another piece of nonsense to emerge from the debate was the myth that the CRB is a basket case in IT terms. That is not true: the CRB is hugely successful, and works very well. As with passports, the problem was that not enough time was allowed for the introduction of new systems, which were introduced in a big-bang fashion. The things that have been said about the CRB and the passport regime are of no relevance now, even though they are constantly offered as shibboleths for explaining why Government IT systems fail.

My hon. Friend the Member for Leicester, East made a good point about the sophisticated requirements for training and resourcing entry clearing officers. The process is under way already, and the Government intend to set out how such elements, along with the new IT systems that are needed, will be implemented over the next 18 months or so. However, if some of the matters that have been alluded to mean that the process needs to take a little longer, so be it.

As I said, we do not underestimate the size of the task in any way. These reforms amount to the most significant change in our approach to migration in 30 or 40 years. They do not conform to the rather fatuous description given by the hon. Member for Ashford, who said that they proved that everything that the Government had done previously was wrong. They will radically transform our migration system, which has not been fit for purpose for as long as 40 years. Successive Governments have cumulatively bolted adaptations on to that system and, although I accept that that has happened since 1997, I assure the House that it went on for a long time before that.

We are now in a position to implement the managed migration system that this country, collectively, needs. We are ready to have a sane and rational debate about the substantive details of the new system, and about what immigration contributes to the country. The British public will thank us enormously for that.

[Mr. McNulty]

It is clear that most hon. Members are ready for the move, but it will be nice when the Conservative Front Bench catches up with everyone else.

Mr. Lilley: I hope that the Minister realises that this good and measured debate has been marred only by his poor opening and worse closure. Will he deal with some of the issues involved, rather than merely abusing people? Does he anticipate that the measures being introduced will reduce immigration levels? If so, roughly how large will that reduction be, in present circumstances?

Mr. McNulty: I shall ignore the right hon. Gentleman's preface to his question. In fact, I shall ignore his question too because, if he has not listened to the substance of the debate, it does not deserve a response. The future level of immigration in this country will be the level required by the UK economy to go about its business and grow and develop in the vibrant way in which it has over recent years. That is not ducking the question. The point made about 15,000 or 250,000 is nonsense.

Mr. Lilley: On a point of order, Mr. Deputy Speaker, I would be grateful if you could confirm that my question was in order and it would be normal courtesy to answer it.

Mr. Deputy Speaker (Sir Michael Lord): One thing that the Deputy Speaker does not have to do is get embroiled in the debate itself. Questions may be put and they may be answered in the way that hon. Members and Ministers decide.

Mr. McNulty: I was not challenging whether the question was in order in parliamentary terms. I was just explaining—I think quite rightly—that, in the context of all the contributions that I have made thus far and of this evening's debate, the question is redundant. The question goes to an understanding of immigration and what it means for this country—both the right hon. Member for Hitchin and Harpenden and the hon. Member for Ashford do not understand at all. Their colleagues do. Colleagues on the Liberal Democrat and Labour Benches do.

I fully accept that there are still points of detail and substance that we need to work through and I am not undermining those points in any way, shape or form. I repeat the points about low-skilled workers, the administration review, the loss of appeals and the nature of shortages. Poignant points were made about the skills advisory body and how that fits in. There were very germane points that went to the substance of the matter. I am sorry if the right hon. Member for Hitchin and Harpenden thinks that this is discourteous, but the point that he just made and the points made by the hon. Member for Ashford are fatuous. I would prefer the two of them to join the substantive, mature debate about migration sooner rather than later. I do not demur from the substance of the contribution made by the right hon. Member for Hitchin and Harpenden because he at least has the benefit of being consistent. The hon. Member for Ashford is a classic flip-flop artist whom we have come to know and love.

Martin Horwood (Cheltenham) (LD): Perhaps as an alternative to calling his opponents fatuous, the Minister might deploy the argument that there are sectors in our economy—for instance, in the NHS and social care—that already vitally depend on immigrant labour and would be in crisis if the Conservative party's policies had been implemented after the last general election.

Mr. McNulty: Had the hon. Gentleman bothered turning up to the debate, he might have made a contribution. I will take his comments, and his level of interest, in that context.

The document is substantive and important and I am grateful that we have had a chance to debate it. I commend not only the Command Paper, but the processes that we have yet to go through to turn it into a substantive document, to the House and urge all hon. Members, from whatever side, who have expressed an interest to maintain that interest over the next 18 months or two years while this system, which the country desperately needs, is put in place. I commend it to the House.

Tony Cunningham (Workington) (Lab): I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

PETITION

Council Tax

9.53 pm

Martin Horwood (Cheltenham) (LD): This petition explains my presence in the Chamber. I am presenting a petition on behalf of 290 residents of Cheltenham who fear that the present system of council tax is causing financial hardship to many, especially to pensioners and single householders on low, fixed incomes.

The petition states:

The Petitioners therefore request that the House of Commons votes to replace Council Tax with a fair and equitable tax that, without recourse to any supplementary benefit, takes into account ability to pay from disposable income. Such tax to be based on a system that is free from any geographical or politically motivated discrimination, and that clearly identifies the fiscal and managerial responsibilities of all involved parties.

To lie upon the Table.

Post Office Closures (Ellesmere Port)

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

9.54 pm

Andrew Miller (Ellesmere Port and Neston) (Lab): I am sure that you have sat in that Chair through a number of debates about the Post Office, Mr. Deputy Speaker. I want to start the discussion of the closure of Ellesmere Crown post office by saying that I do not blame my hon. Friend the Minister for the state of the Post Office today. However, he must listen to the combined voices of all political parties in Ellesmere Port, who, together with the Communication Workers Union, the employees of the Crown post office, and the public, are all disgusted at the cavalier way in which Post Office management have not only ridden roughshod over the views of local people, but have failed in their duty to look after the public purse.

My hon. Friend will also be aware that at the Labour party north-west regional conference last week a resolution was passed that referred to this sorry debacle and called on the Government to institute a statutory review of the impact of full liberalisation from January 2006, to ensure that Postcomm meets its primary duty to defend the universal service.

The farce in Ellesmere Port goes back to the summer of 2004, when I returned from a couple of weeks away with my family to discover a pile of letters on my desk from constituents, complaining about the threatened closure of two branch offices, one in Station road and one in Whitby. The Station Road post office, in particular, serves some of the most disadvantaged people in my community.

I wrote in some detail to the chief executive of Post Office Ltd, Mr. David Mills, and after a series of public meetings and the gathering of information, a very detailed case was submitted. I shall refer to one of the letters in my bundle of documents to focus my hon. Friend's mind on the disingenuous language that the Post Office has used. In a letter dated 6 February this year, a Mr. Partington referred to previous commitments that I "alleged" had been provided to me. If I, as a Member of Parliament, on behalf of my constituents, say to a public servant that I have received some information, he should accept that I have done so. It is an insult to the House to use language like that.

The letter referred to information that I "alleged" that a previous employee of Post Office Ltd had given me about the future of the post offices. Mr. Partington then sought to disconnect what had happened around Christmas 2005 from more recent events by saying that the former had been part of the Post Office reinvention plan, but the latter were entirely different.

In 2004, the Post Office failed to get to grips with what happened at Station Road. It was a sad story of dishonesty. Loyal employees were working for an owner who had spent some time in jail. Those loyal employees had served the public well and treated their elderly customers as if they were relatives. They would knock on doors when elderly people did not come to collect their pensions. People of that calibre were dumped by the system. But, of course, that was under the Post Office reinvention scheme.

In the letters to me at that time, the Post Office, in describing what it now claims to be a different exercise, used the heading "Post Office area plan for Ellesmere Port & Neston". That could mean one of two things. It could mean the area plan for the borough of Ellesmere Port and Neston or for the parliamentary constituency. It cannot, under any use of the English language, be reinterpreted a year later to mean a post office covering two super output areas in the poorest parts of the community. It covered the whole community.

Mr. Dave Barrett announced the closure in a letter I received on Christmas eve 2004, when pensioners were trying to collect their benefit.

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

Andrew Miller: I accept that the closure of the post office notified on Christmas eve was due to unfortunate and unforeseen reasons; a robbery at the post office had brought forward the closure. However, Mr. Barrett wrote:

"Within the scope of the Network Reinvention programme, we have now completed our work in your constituency and no further closure proposals will be considered under this programme in your constituency."

If I were in the Minister's position I could be pedantic and say, "Ah, that was the Post Office reinvention plan", but I remind the House that the heading on the letter was unambiguous: "Post Office area plan for Ellesmere Port & Neston".

What were the motives behind that lack of clarity? Laziness, incompetence, deliberate action? I will let the House determine the answer. I only know that one of the most impoverished parts of my constituency was left without an essential service. Post Office management said, "They can go to the Crown office just up the road", referring to elderly and infirm people in an area with the lowest car ownership in the sub-region.

The letter of 23 December 2004 said that there would be no further closures, yet a year later the Post Office came back for another bite at the cherry and announced that the Crown office would be absorbed in an Asda store. The proposal was to halve the counter space and the resources for post office services in the town centre. I was told that the Post Office had identified financial losses at the Crown office, but that information was not shared with me.

I have no complaint about Asda, but I object to being insulted by the deviousness of Post Office management. I do not mind that personally, as in this place one gets used to being insulted by experts, but Members are entitled to expect at least some deference from a public body towards our constituents. No such thing has come from the Post Office.

My early-day motion 1446 states:

"That this House condemns the manner in which the Post Office has failed to engage in meaningful consultations with either staff or public about the closure of Ellesmere Port Crown Office; and calls upon the Government, as shareholders, to instruct the Post Office management to withdraw its current proposal, to share with stakeholders the financial facts and ensure that if it demonstrates a position that is commercially recoverable that time is allowed to enable a proper recovery programme to be instituted."

[Andrew Miller]

That is not an unreasonable request from a Member of Parliament, yet it was wholly ignored. The Post Office made no comment on it, apart from an indirect one to which I shall refer.

A letter of 6 February set out in four or five pages the logic behind the Post Office's decision to close. I was assured that there would be

"longer opening hours ... a brand new, modern Post Office branch ... flat, level access ... automatic entrance doors ... a low-level writing desk ... car parking facilities nearby ... and ... a bright, modern, customer friendly retail environment within which to shop".

Interestingly, that letter referred to events that occurred just yesterday—the axe fell finally, the closure happened and the new system came into force.

All hon. Members have constituents who are prolific letter writers. I bet that you, Mr. Deputy Speaker, could name a handful of people in your own constituency who are the most prolific letter writers, as could every other hon. Member. One such in my constituency is a gentleman called Mr. Ellams, who writes to me on all sorts of issues, and he would not be offended if I say that I find myself in disagreement with him on nine out of 10 of them. However, he pointed out something extremely useful yesterday, and the Minister ought to be aware of it, bearing in mind the commitments that the Post Office has given to me in writing, which the Minister has seen. Mr. Ellams says that some of the counters were closed and that queues were coming out of the door—at a post office that was supposed to provide a better service for my constituents. Frankly, that is what I expected, because I do not believe that the provision for either the transition into the Asda operation or the final scale of the Asda operation will be adequate to meet my constituents' needs.

One of the issues that I raised in the early-day motion and in the subsequent correspondence with the Post Office was the financial basis on which the decision was taken. At a public meeting—at which the Post Office was at least represented, to be fair to two very junior members of its staff—a member of the public asked a question, doubting, as I do, the veracity of the financial information that was presented to us. We were simply told that the Crown post office in Ellesmere Port was making a loss. That may be the case, but the point was that a financial year had not been completed since the closure of the two sub-post offices, so no stable pattern worth a light could be analysed. No sensible business financial planning is based on the kind of data that could have been drawn together in that time.

What made me particularly angry was that, when I eventually pressed the Post Office about the financial basis on which the information was taken, Julia Marwood wrote me a letter, dated 20 February, in which she said:

"Turning to the financial case behind our decision to change the way in which we manage Ellesmere Port Post Office branch, I fully appreciate it would give a clearer picture if we could simply publish the financial information and data relating to any individual branch."

I asked the Post Office not to publish that information, but to make it available to me, as a Member of Parliament. The letter continues:

"However we are not obliged, or indeed, at liberty to disclose this confidential information with any third party due to commercial confidentiality."

I have a little difficulty with that. I had understood that we taxpayers owned the Post Office. Of course, if some information is commercially sensitive, I would accept that. I deal with other companies with a similar structure. For example, I regularly deal with British Nuclear Fuels Ltd, which shares with me huge amounts of information. It provides it to me in confidence as a Member of Parliament with a local constituency interest. Why cannot the Post Office do exactly the same? Does it think that some smart Alec Member of Parliament might come up with a better idea because they have more knowledge of the locality that they represent than the people sitting miles away in their ivory towers in the Post Office branch change section as it is now called? It would not be unreasonable for the House to say to the Post Office, "In these circumstances, we expect you to share information with Members of Parliament."

The language gets even more confusing. In November 2005 when the Post Office decided that the Crown office was to close, it wrote a nice, lengthy and detailed letter to me. It says:

"As an organisation committed to delivering the best possible service"—

tell that to my constituents—

"we want to do our best to meet our customers' requirements and maintain continued access to our branch network."

No wonder we are confused, because the Post Office is confused. It confuses branch with Crown offices, but that is its choice. The letter continues:

"Whilst the decision to change the management of the Ellesmere Port Post Office branch to Asda Store Ltd is not, in itself, subject to public consultation, we are keen to seek feedback".

In writing to me, the Post Office says that the matter is not subject to public consultation.

I know that my hon. Friend the Minister treats his correspondence seriously. In a letter he wrote to me on 22 January this year, he says:

"No decisions will be taken on individual closures until after public consultation has been completed."

Again, there is an anomaly between the position adopted by the Post Office management in its discussions with Members of Parliament and what it is saying to my hon. Friend. I do not believe for a minute that he invented that sentence without believing that the Post Office should have consulted representatives in the constituency.

The Post Office can rescue the situation and the operation in my constituency can be made more profitable. However, given the decision on the Station Road branch affected one of the most disadvantaged wards in the country let alone my area, the fact that the Post Office is prepared to ride roughshod over people such as the folk in the Westminster ward in Ellesmere Port and to use disingenuous language in correspondence with a Member of Parliament and the fact that there has been no attempt to resolve the problem by a process of examination, negotiation and

studies as to whether alternative solutions can be found, I despair for the future of the Post Office. I therefore hope that my hon. Friend and his colleagues will get hold of a few people very tightly and suggest to them that because the Post Office is a public entity—it should remain so—it should act with greater consideration towards the people whom Members of the House seek to represent. When ideas come forward about alternative ways forward, it should respond positively to them.

10.15 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Barry Gardiner): I congratulate my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller) on securing the debate. He has been absolutely assiduous in voicing concerns about recent changes to the local provision of post office services in Ellesmere Port on behalf of his constituents. I can honestly say that over the course of the past four or five weeks, I have not had a single refreshment in the House of Commons Tea Room without my hon. Friend sitting beside me to discuss these matters. Indeed, I was almost at the point of being able to deliver his entire speech to the House myself without notes. However, in saying that, I do not wish in any way to undermine the excellent work that he has done to represent his constituents' interests to the Government.

My hon. Friend spelled out clearly and fully his views and concerns about the changes that are planned by Post Office Ltd in the coming months to post office services in the Ellesmere Port town centre. The future of the post office network is relevant to every Member of the House. We all share concerns about the future provision of postal services in our constituencies. We all also recognise, as I know that my hon. Friend does, that until 1999 and the advent of the action taken by the Government, there had been underinvestment in the business for decades. Most of all, we know that advances in technology, greater mobility and changes in constituents' shopping and financial habits have resulted in a growing proportion of people simply not using post offices in the way in which they did in the past. For many reasons, custom across the network has sharply reduced, which has created a spiral of decline in certain areas.

If the post office network is to survive and thrive in the longer term, it needs to change significantly. The Government want a post office network that can prosper on the basis of the needs of today and the future, not those of 20 or 30 years ago. However, in doing so, we also have to face up to present reality. The Government are providing £150 million a year to support the rural network and will continue to do so until 2008—I am delighted to say that state aid clearance came through from the European Union only a couple of weeks ago.

May I correct my hon. Friend on a point about the directly managed Crown offices? He implied that his correspondent from the Post Office had been mistaken in calling them branches. In fact, the correspondent was entirely correct because the proper name for them is directly managed branches, although we colloquially retain the name Crown offices.

The Crown offices and the deprived urban area network are also losing substantial amounts. Collectively, some 500 directly managed offices have been losing £70 million a year. Clearly the status quo is not sustainable in such circumstances. Several important steps to restructure and revitalise the Post Office have already been taken, but the future of the network rightly remains an issue of national debate. It is clear that there are still considerable challenges to be faced.

The starting point for the Government's policy for the post office network is the performance and innovation unit report "Modernising the Post Office Network". The Prime Minister commissioned that report in 1999, because it had become clear that, following decades of decline and underinvestment, dramatic action was necessary to get the business on track and to secure its long-term future. We set about introducing policies that would help to achieve that, which previous Governments had totally failed to do.

The PIU report showed very starkly that the post office network had not kept pace with the changing needs of its customers. Too many post offices had become dingy and shabby through lack of investment and were losing business. The report was widely welcomed as squaring up honestly to the challenges facing the network, and the Government accepted and implemented all 24 of its recommendations.

It is important to remember that the post office network has been contracting since the 1960s. Between 1979 and 1997, Conservative Governments presided over 3,500 closures, and in all that time they produced not a single policy on how to ensure that the network could continue to remain relevant into the 21st century. There have been reductions in post office usage for all sorts of reasons, and the absence of investment by the previous Government is significant, but above all changes in lifestyle and habits mean that a large proportion of our constituents do not use the Post Office as much as they used to and custom has sharply reduced. That is not a matter of the Government or some unseen market force acting against the interests of post offices and their customers; it is about ordinary people—our constituents—making personal choices.

Research commissioned by Postcomm, the regulator for postal services, has also noted that in other countries people are also increasingly accessing services electronically, over the telephone and through the internet. In response, most countries have been remodelling their networks, usually by closing the smallest or least profitable offices and converting directly run offices to agency offices. In Germany, for instance, the number of post office branches has been reduced by 17,000 offices, which is more than the entire UK network of 14,500 offices. In Britain, other networks, such as those of the retail banks have been scaled back too. Like them, the post office network needs to adapt to changes in people's preferences and new ways of doing business. Those external changes pose big challenges to the network of post offices, which must be addressed, not ducked.

We must recognise that 96 per cent. of the nation's post offices are run by sub-postmasters, who are private business people who have invested not only their own money into their businesses, but a great amount of care and effort to help the post office network achieve its highly regarded status. My hon. Friend has said that we, the taxpayer, own the Post Office. I must inform him that we, the taxpayer, own Post Office Ltd, but we do

[Barry Gardiner]

not own the 14,500 sub-post offices up and down the country, which are private businesses that enter into commercial contracts with the Post Office. The reason why it is not possible for the Post Office to make available commercially confidential figures about the viability of those offices is because it would prejudice the capacity of that private business person to sell their business in due course.

Andrew Miller: If the Minister had listened to me, he would have heard me talk about Station Road, which was a sub-post office that had suffered under mismanagement by the previous owner. This debate is about the closure of the Crown office, and only the Post Office has a commercial interest in its viability.

Barry Gardiner: My hon. Friend has referred to separate post offices today—he has referred to the Crown office, and he has also referred to the Station Road office. I am seeking to explain that there are conditions of commercial confidentiality, because the capacity of any sub-postmaster in Ellesmere Port to run their business viably and to be in a position to sell it on in future depends to some extent on commercial confidentiality between themselves and the Post Office.

Andrew Miller: Is my hon. Friend saying that Members of Parliament should not be entrusted in confidence with such information?

Barry Gardiner: Neither my hon. Friend nor I would expect to be made privy to information relating to the commercial viability of any private business in our constituency. We must therefore agree to part company on the matter.

Turning to the substance of my hon. Friend's argument, I have said that we must recognise that 96 per cent. of the nation's post offices are run by sub-postmasters. However, as there is declining profitability in the network as a whole, the viability of many individual offices has taken a severe knock. Decisive action in the form of the urban reinvention programme was taken to restructure a sector of the network where there was extensive over-provision with the aim of better matching supply to demand and of creating the viability necessary for a sustainable network for the future. That is why we backed Post Office Ltd's plans for managed restructuring of the urban network, which resulted in almost 2,500 office closures while ensuring that, nationally, 99.3 per cent. of people in urban areas, including Ellesmere Port, still live within a mile of their nearest post office.

We now need to address the issues facing the loss-making sectors of the network that are no longer financially sustainable in their present form. It is no longer clear that the needs of customers are best served by the traditional costly and inflexible network structure, so we must find innovative and more cost-effective ways of delivering post office services. My hon. Friend diligently monitors the issues in his constituency, as he has made very clear tonight. He took a keen interest in the urban reinvention programme, probing and challenging Post Office Ltd's area plan proposals for Ellesmere Port and Neston. Ultimately, as part of that programme, two of the 17 sub-post offices in the constituency closed. I accept that he had particular concerns about force majeure events, including the attempted burglary of the Station Road sub-post office, which led to its closure ahead of schedule just before Christmas 2004.

I should like to point out to my hon. Friend that the Station Road closure was, indeed, a voluntary closure under the urban reinvention programme. A former sub-postmaster volunteered for closure at the same time as he sold the premises. He was not the post office manager at the time—indeed, he had to secure a tenant, because he could not manage the premises—but the closure was voluntary, as is the case for every single one of the 2,500 closures under the urban reinvention scheme. There was therefore a voluntary closure of Station Road by a former sub-postmaster who was selling the premises. It was not something that was done by Post Office Ltd or by the Government to the people in the area around Station Road—the closure was volunteered by the former sub-postmaster.

More recently, my hon. Friend challenged Post Office Ltd's plans for changes in service provision in Ellesmere Port, setting out his concerns in an early-day motion tabled on 23 January. As he has explained, on 6 February 2006, Post Office Ltd confirmed its intention to merge the operations of the existing directly managed office in Marina walk and the existing Market Square branch in Asda into the new Asda Market Square store when rebuilding work is complete. In the interim, Asda will take over the management and operation of the Marina Walk office while the existing Asda Market Square office will close as the premises are to be demolished to enable redevelopment of the site.

Before addressing specific details raised by my hon. Friend, there are some key points of general principle that it would be helpful to clarify. First, although the urban reinvention programme achieved its aim of better aligning post office service capacity with current levels of demand in urban areas, it was never envisaged that that would preclude further changes to the urban network as the need or opportunity arose. Secondly, the plans for Ellesmere Port relate to the combined results of the impending demolition of the present Market Square office premises—

The motion having been made at Ten o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at half-past Ten o'clock.

House of Commons

Wednesday 22 March 2006

The House met at half-past Eleven o'clock

PRAYERS

The unavoidable absence of MR. SPEAKER *having been announced,* THE CHAIRMAN OF WAYS AND MEANS *took the Chair as* DEPUTY SPEAKER, *pursuant to the Standing Order.*

Oral Answers to Questions

WALES

The Secretary of State was asked—

Small and Medium-sized Enterprises

1. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next plans to meet representatives of the Welsh business community to discuss the impact of central Government regulation on small and medium-sized enterprises in Wales. [59246]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): My right hon. Friend the Secretary of State and I have regular meetings with representatives of the business community to discuss issues that concern them, most recently during our recent visits to north Wales. In addition, my right hon. Friend will be addressing the CBI North Wales annual dinner in May.

Mr. Bellingham: Will the Minister confirm that business investment and productivity are falling and that England and Wales have both fallen in the world competitiveness tables? Whatever else happens in his discussions with representatives of small and medium-sized enterprises, will he confirm to them that the Government will ensure that Britain keeps its individual opt-out from the working time directive? Will he confirm that to the House today?

Nick Ainger: The hon. Gentleman, who regularly asks that question at Wales questions, still does not accept that Wales is doing extremely well. Welsh private sector output grew for the 35th month in succession in February 2006, according to the Royal Bank of Scotland, and 4,800 businesses started up across Wales in the third quarter of 2005, a rise of 7 per cent. on the previous quarter. Wales is doing extremely well, and small businesses in Wales are doing extremely well.

Alcohol-related Crime

2. **Mrs. Betty Williams** (Conwy) (Lab): What assessment he has made of the incidence of alcohol-related crime in the past 12 months in north Wales. [59248]

The Secretary of State for Wales (Mr. Peter Hain): It is clear that the Government's approach to alcohol misuse and alcohol-related violence is working, and that police and local partners are getting their tactics right.

Mrs. Williams: I thank my right hon. Friend for that answer. Does he agree that the press speculation following the passing of the Licensing Act 2003 has proved incorrect? Indeed, the figures from North Wales police show a significant drop in alcohol-related crime. Is that the general pattern throughout Wales? Will my right hon. Friend join me in congratulating all the divisions of North Wales police on their hard work on the Home Office alcohol misuse initiative, which proves that such measures can pay dividends if we all work as equal partners to ensure that our communities benefit from them?

Mr. Hain: My hon. Friend is absolutely right to say that a fantastic job has been done in north Wales by the North Wales police, and I join her in congratulating them. In fact, there has been an 11 per cent. fall in all violent crime in England and Wales during the recent alcohol misuse enforcement campaign. All those lurid allegations from the Conservatives, the Liberal Democrats and Plaid Cymru—who formed an unholy alliance on this issue—have proved totally groundless, as the Licensing Act has had a beneficial effect in our local communities.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): One of the lurid allegations that we were making was that alcohol-related crime would increase late at night. I spoke to a representative of North Wales police this morning and learned that, since the Act came in, there has already been a 4 per cent. increase in alcohol-related crime between midnight and 2 am, and a 2 per cent. increase between 2 am and 4 am. Things are not as rosy as the Secretary of State suggests, and what he has said does not add up with what North Wales police have told me. I wonder who is right. Will the Secretary of State also undertake to review the temporary event notices, under which licences can be granted for 10 events a year, simply by giving 48 hours notice to the police?

Mr. Hain: Obviously, I shall be happy to look at that question for the hon. Gentleman. However, I simply do not accept his selective use of statistics, either for north Wales or right across England and Wales, where the picture is very different from all the ritual expectations whipped up by his party, along with its alliance partners in the Assembly, the Conservatives.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): We all know that alcohol-related crime now costs this country more than £7.3 billion a year, and that more than 60 per cent. of male prisoners now have serious alcohol-related problems and need detox and rehabilitation programmes. With Swansea and Usk prisons in the top 10 most overcrowded prisons in England and Wales, how on earth can our Welsh prisons even start to deliver the treatments needed to reduce alcohol-related crime and dependency in Wales?

Mr. Hain: The hon. Lady is right to say that alcohol-related crime right across the United Kingdom, including Wales, has been very serious for a long time. It seems to be a particularly British phenomenon—and a Welsh phenomenon as well, for that matter—and we need to bear down on it. I would remind her, however,

of what she said before the Licensing Act 2003 came into force. She spoke of "last-minute chaos", and said that the new law would

"cause increased drinking, damage, street violence and physical harm to even younger people."—[*Official Report, Westminster Hall*, 25 January 2005; Vol. 430, c. 9WH.]

None of those things has happened. The hon. Lady's sherry glass—or should I say "Cheryl glass"?—is always half empty rather than half full.

Young People

3. **Mr. Martyn Jones** (Clwyd, South) (Lab): What discussions he has had with the Welsh Assembly Government on funding diversionary activities for young people. [59249]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): My right hon. Friend the Secretary of State and I have regular discussions with Assembly colleagues about matters affecting young people in Wales. The Welsh Assembly Government are investing in a variety of schemes, including the pilot scheme for half-price bus travel for 16 to 18-year-olds and the Cymorth programme, which is aimed at improving young people's life chances.

Mr. Jones: Does my hon. Friend agree that the half-fare bus scheme for 16 to 18-year-olds, which is rolled out in Wrexham and Denbighshire, will make it easier for young people to access leisure activities? Will he ensure that he puts forward his view that it should be rolled out throughout Wales?

Nick Ainger: Yes, but before I respond directly to my hon. Friend I want to pass on my and, I am sure, the whole House's congratulations to Michaela Breeze, David Davies and David Phelps, all Welsh gold medal winners in the Commonwealth games. I am sure that their success will be an inspiration to all young people, particularly in Wales.

My hon. Friend is right that the proposal is to roll out the scheme throughout Wales. That is a Labour party manifesto pledge, and it will assist young people to get to leisure activities as well as to training and employment. I am sure that he will agree that activities such as the Digilab IT project, which focuses on young people who gather in Wrexham town centre on evenings and weekends, provide good quality diversionary activities for young people.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): Given that calls to ChildLine made by teenagers contemplating suicide have been increasing at 14 per cent. a year, and that the suicide rate among 11 to 17-year-olds in Wales is five times that of England, may I encourage the Secretary of State and the Minister to talk to their colleagues in the Assembly about how they can support more effectively those services in Wales working with young people at risk, such as victims of bullying and sexual abuse? Currently, there are far too many gaps in provision for vulnerable young people.

Nick Ainger: I am more than happy to discuss that matter with Edwina Hart, as it would come under her portfolio as well as Jane Davidson's. Perhaps the hon. Gentleman is not aware that young people's partnerships have been set up under every local authority in Wales. Those are made up of various bodies, including the voluntary sector, which impact on young people's lives and can come together to plan and address the issues that he rightly raises. By 2007–08, the Cymorth programme will have a £57 million budget to spend on those initiatives, and I am sure that it can address the issues that he highlights.

Lembit Öpik (Montgomeryshire) (LD): Does the Minister recognise that the provision of diversionary activities is made harder by the Welsh outdoor pursuits industry's increasing fear of litigation—much of which, as we both know, is vexatious and unfounded, but is a huge disincentive to providing adventure-based activities nevertheless? In that context, will the Minister act as a conduit for the industry's concerns by being prepared to convey any recommendations from Welsh outdoor pursuits providers on ways to address the litigation culture, perhaps through the Government's welcome Compensation Bill?

Nick Ainger: The hon. Gentleman referred to the Compensation Bill, currently being considered in the other place, which makes it clear that the social value of activities is a factor that a court can take into account when considering a claim for negligence. That would go some way to reassure those companies involved in outdoor activities. The Bill is only part of a programme that the Government are taking forward to tackle perceptions that can lead to a disproportionate fear of litigation and to risk-averse behaviour. As we all know, the hon. Gentleman is not risk averse—to his own personal cost—but I am sure that he will agree that the Government are addressing this issue. If he wants to direct any organisations to me with particular concerns, I will be more than happy to take up those issues.

Dentistry

4. **Dr. Hywel Francis** (Aberavon) (Lab): What discussions he has had with the Welsh Assembly Government on the implementation of the new dental contract in Wales. [59250]

8. **Mr. Mark Harper** (Forest of Dean) (Con): What recent discussions he has had with the Health Minister in the National Assembly for Wales about NHS dentistry in Wales. [59254]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): I regularly meet the Assembly Health Minister to discuss dental services in Wales. A new dental contract is being introduced in April 2006 to improve both patient access and dentists' working lives.

Dr. Francis: My constituency is in the county borough of Neath-Port Talbot, where we have 10,300 new registered dental places as a result of eight pilot schemes established by the Welsh Assembly Government. I thank my right hon. Friend the Secretary of State for the efforts that he put into achieving that, along with our local health board and the Welsh Health Minister.

May I urge the Minister to make representations to the Welsh Assembly Government to ensure that such pilot schemes become a permanent feature of NHS

dental services in Wales, so that all communities in Wales—rural, urban or valley—benefit from a comprehensive dental health service in the future?

Nick Ainger: My hon. Friend is right to mention the number of additional NHS dental places in his constituency. As he knows, one company, Denticare, is opening a super-surgery that will provide 10,300 extra places. Moreover, the personal dental service contract will bring further places to the Neath-Port Talbot local health board, bringing the number of new places to some 11,900. An additional 2,100 places will come on-stream by 1 April throughout Wales.

Mr. Harper: I am afraid that the rosy picture painted by the Minister will not be recognised by my constituents. In the past few weeks, many of them have received letters from dental surgeries that they attend in Wales telling them that they are no longer welcome on the NHS. Will the new dental contract that will come into force on 1 April mark the end of NHS dentistry in Wales and in England?

Nick Ainger: Yes, it will. *[Interruption.]* As I said, there will be 200,000 new places in Wales alone. *[Interruption.]* Let me run through them. Dental Care is establishing practices in Newtown, Brecon, Lampeter, Port Talbot and Swansea. There will be an additional 26,000 NHS places. Integrated Dental Holdings plans new practices in Llanelli, Wrexham and Whitland, where there will be 24,000 extra places. Oasis Healthcare will open eight new surgeries across north Wales, with 80,000 NHS places. There will be new surgeries in Denbigh, Mold, Ewloe, Flint, Rhyl, Caernarvon and Colwyn Bay. That is good news. There will be a comprehensive NHS dental system throughout Wales.

Economy

5. **Jessica Morden** (Newport, East) (Lab): If he will make a statement on the state of the Welsh economy. [59251]

The Secretary of State for Wales (Mr. Peter Hain): The Welsh economy is strong and has shown considerable improvement in recent years. Indeed, the Bank of Scotland recently suggested that it would grow at an above-average rate in the first half of 2006, and was likely to experience even stronger growth than the United Kingdom average.

Jessica Morden: As my right hon. Friend will know, the success of the economy in Wales has led to a new confidence in the city of Newport. However, the steel industry still dominates the economy in my constituency and is currently struggling as a result of rising energy prices. What measures can be taken to alleviate the impact that that is having on Wales and on the part of the UK that is most dependent on the manufacturing industry?

Mr. Hain: My hon. Friend is absolutely right to say that the Newport economy is booming. I know that manufacturing is booming as well: I recently visited EADS and International Rectifier in the Newport area. However, my hon. Friend is also right to say that Corus has suffered a big impact as a result of rising energy costs, which are a global phenomenon. We are working on that as a Government, especially with our European partners. I note that Corus announced huge profits today, and I welcome that. It is a hugely successful business.

Mark Williams (Ceredigion) (LD): Despite what the Secretary of State said in his answer, I should like to know what message he has for the 100 constituents of mine who have lost their jobs at Dairygold in Felinfach. There is a possibility of 40 more job losses at Iger near Aberystwyth. Does he accept that job losses on that scale in a rural economy have a disproportionate effect on the immediate locality?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Before the Secretary of State replies, let me say to the House that it is grossly discourteous to colleagues who have questions to ask about Welsh affairs if their questions cannot be heard and it is difficult to hear the Minister's answer. It is also extremely disrespectful to the people of Wales as a whole.

Mr. Hain: May I point out to the hon. Gentleman that, yes, any job losses are serious, especially in a rural economy and area such as he describes, but unemployment has come down massively in his constituency under this Labour Government? There are 118,000 more people in work in Wales, business is doing better than anybody can remember and the economy in Wales is stronger than anybody can recall, including in his part of the world. Inevitably, there is a churn of jobs, but job opportunities will increasingly be found for everybody.

Ian Lucas (Wrexham) (Lab): Production of photovoltaic cells at the Sharp manufacturing plant in Wrexham has tripled in the past two years. The production of such cells offers Britain a huge manufacturing opportunity, but the domestic market needs a bit of encouragement. Does my right hon. Friend agree that, later this afternoon, the Chancellor should look kindly on the photovoltaic sector and get as many householders throughout the UK as possible to have solar cells on their roofs?

Mr. Hain: My right hon. Friend the Chancellor has told me not to reveal anything, so I certainly will not, but he is very supportive of renewable energy; indeed, he encouraged a £60 million renewable energy fund for Northern Ireland that I announced recently. The Sharp factory is a beacon for photovoltaic panels; indeed, I have them on my own roof in south Wales. Such developments are part of this Government's commitment to renewable energy.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): The workers in Wales will be very depressed by what the Secretary of State has just said. After nearly nine years of a Labour Government, Wales is still the poorest part of the United Kingdom. Some 28,000 manufacturing jobs have been lost since 1998, Welsh manufacturing dropped by 6 per cent. last year and Welsh industry is facing prohibitive energy prices. What is the Secretary of State actually doing about it?

Mr. Hain: I invite the hon. Lady to live in the real world of Wales, for once. Wales is booming under this

Labour Government. There are more jobs, greater prosperity and better business growth than ever before and a stronger Welsh economy. She should stop talking Wales down and join the business sector and the rest of us in moving Wales forward.

Mrs. Gillan: It is not Wales that I am talking down; it is the Secretary of State and the Labour Government. Let us turn to Anglesey, which has the lowest gross value added of any region in the UK. If the Wylfa power station shuts down, 1,500 jobs and more than £42 million in wages and salaries will be lost in what is one of Wales's worst employment blackspots. The Springfield plant that provided Wylfa with fuel stopped production this month. Does that mean that the Secretary of State has failed in his discussions with the Secretary of State for Trade and Industry to extend the life of that power station, and how is he now going to avert a social and economic disaster in Anglesey?

Mr. Hain: I am working very closely with my hon. Friend the Member for Ynys Môn (Albert Owen), who does a brilliant job in his constituency, to see whether we can extend the life of Wylfa, but there are very real logistical and practical reasons why that is difficult, so we are looking at alternative power supplies. However, it is absolutely clear, as the hon. Lady cannot dispute, that Anglesey's economy is doing better than ever and is in a completely different state from the one it was in under the Conservatives. Then, it experienced a miserable time—manufacturing jobs were lost and businesses were closed right across Wales.

NHS Deficits

7. **Mr. David Amess** (Southend, West) (Con): When he last met the Health Minister in the National Assembly for Wales to discuss NHS deficits in Wales. [59253]

The Secretary of State for Wales (Mr. Peter Hain): I regularly meet the Assembly Minister for Health and Social Services to discuss a range of issues, including the funding of health services in Wales.

Mr. Amess: As the Secretary of State knows, the cumulative deficit for health services in Wales is predicted to reach £71 million; indeed, it is predicted to reach £100 million by the time of next year's National Assembly elections. Who does he think is responsible for that deficit, and will he explain to the House in clear terms why Government targets have been allowed completely to distort clinical priorities in Wales?

Mr. Hain: I see that the hon. Gentleman has applied for Southend to be part of the western tip of Wales. The truth is that his figures are completely inaccurate. The Welsh Assembly Government announced that, according to their best estimate, the hospital deficit will be under £22 million, which is 0.5 per cent. of the £4.3 billion health spend. That is a tiny percentage in the light of an overall record of increasing success and increased spending, which has led to the recruiting of an extra 7,300 nurses in Wales, with more to come.

Mrs. Siân C. James (Swansea, East) (Lab): Will my right hon. Friend join me in recognising the excellent levels of service provided by the burns unit at Morriston hospital in my constituency? Time and time again, it has proved to be the best unit of its type in England and Wales.

Mr. Hain: I certainly agree with my hon. Friend. The performance in health right across Wales—at Morriston hospital and also at Singleton hospital in Swansea—has been extremely good. That reflects the increased investment that this Labour Government have put into the entire health service in Wales—investment that would be threatened under the Conservative spending plans.

David T.C. Davies (Monmouth) (Con): Patients waiting for routine operations in Wales have to wait twice as long as patients in England. Does the Secretary of State agree that the NHS in Wales is an absolute disgrace and that Nye Bevan would be spinning in his grave?

Mr. Hain: I certainly do not agree. We are treating and seeing more patients than ever before and waiting times are plummeting. Waiting lists are being reduced, there are more nurses and doctors, and hospitals right across Wales are doing much better. However, all of that would be threatened if Conservative spending plans were ever brought into effect. That is why people should continue to support this Labour Government.

Economic Inactivity

9. **Chris Bryant** (Rhondda) (Lab): What progress has been made in reducing economic inactivity in Wales. [59255]

The Secretary of State for Wales (Mr. Peter Hain): The number of economically inactive people of working age in Wales fell by 3,000 compared with the same period a year ago, but there is more to be done.

Chris Bryant: The Welsh economy has been transformed in recent years, with more people in work than ever before and a very highly skilled work force ready to do more. My right hon. Friend was unfortunately unable to attend Monday afternoon's launch of the Metrix bid to set up a defence training academy at St. Athan, which would be the biggest ever investment in the Welsh economy. However, does he agree that attracting that investment to south Wales would be a great deal for the Ministry of Defence, and that the Welsh economy would be improved significantly?

Mr. Hain: I completely agree with my hon. Friend. That is a bid to build a world-class defence training facility in the St. Athan area, which is an ideal location. He is also right that the number of economically inactive people in Wales, although it remains high, has fallen, despite there being 9,000 extra students in the figures. That shows again that, under this Labour Government, the Welsh economy is doing better than ever before.

Welsh Language

10. **Hywel Williams** (Caernarfon) (PC): What recent discussions he has had with colleagues in the National Assembly for Wales on the current legislative arrangements for use of the Welsh language. [59258]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): I have had recent discussions with Assembly colleagues and the chair of the Welsh Language Board about the Government of Wales Bill, which will give Assembly Ministers important new powers to support the Welsh language.

Hywel Williams: Does the Minister agree that it is the fundamental right of accused people to have the evidence that they present to a court understood by the jury in the language that they choose—Welsh or English? Will he therefore pledge his support for the moves to have all-bilingual juries in certain circumstances in Wales?

Nick Ainger: The Office for Criminal Justice Reform launched a consultation exercise in December 2005. That exercise closes at the end of this month. We will consider the matter further in light of the responses to that consultation.

Energy Policy

11. **Huw Irranca-Davies** (Ogmore) (Lab): If he will make a statement on the review of energy policy in the UK as it relates to Wales. [59259]

The Secretary of State for Wales (Mr. Peter Hain): The Wales Office is working with the Assembly Government and the Department of Trade and Industry to ensure that Welsh interests are represented at each stage of the energy review.

Huw Irranca-Davies: I thank my right hon. Friend for that response, but does he agree that Wales is uniquely poised to take advantage of initiatives in environmental and green energy, in terms of both job creation and the contribution that Wales can make to the renewable targets? However, does he share my distaste for the way in which Opposition Members flip-flop on the matter? *[Interruption.]* In this Chamber, they say that they support green energy but, on the ground, they say something completely different. *[Interruption.]*

Mr. Deputy Speaker: Order. Before the Secretary of State replies, I once again appeal for order. If they are reached, Questions 11 and 12 are just as important as any others.

Mr. Hain: I agree with my hon. Friend. This Government are committed to renewable energy, and we have done more than ever before to drive it forward. He is right to point out the hypocrisy on the Opposition Benches. The Leader of the Opposition says that he is in favour of renewable energy and even takes npower juice. However, he has denounced the wind farm off the north Wales coast that produces that energy and attacked it for being a bird blender. We need some consistency from the right hon. Gentleman, instead of these flip-flops all over the place.

Dee Estuary

12. **Ben Chapman** (Wirral, South) (Lab): What recent discussions he has had with the First Secretary on the progress of dredging on the Dee estuary. [59260]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): In August last year, the Welsh Assembly Government, the Department for Transport and the Environment Agency granted dredging and disposal consents to the port of Mostyn Ltd. I understand that the dredging activity to date has been well within the authorised schedule—*[Interruption.]*

Mr. Deputy Speaker: Order. I am sorry if I have taken the hon. Member for Wirral, South (Ben Chapman) by surprise, but welcome to Welsh questions.

Ben Chapman: Does my hon. Friend appreciate that the Dee estuary is among the most sensitive environmental sites in Europe and, of course, in the United Kingdom? Does he agree that the dredging issue is important, not just for the people of Wales, but for the people of Wirral, and does he agree that we need to keep a close eye on the situation?

Nick Ainger: I assure my hon. Friend that there are conditions attached to the dredging programme, which include monitoring to safeguard the integrity of the nature conservation assets in the estuary. I hope that he is reassured.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [60083] **Ms Celia Barlow** (Hove) (Lab): If he will list his official engagements for Wednesday 22 March.

The Prime Minister (Mr. Tony Blair): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Ms Barlow: May I seek to cheer my right hon. Friend with good news from the south coast, where Operation Reduction, a combination of police enforcement and drugs treatment, has led to a 48 per cent. reduction in burglary, a 45 per cent. reduction in vehicle crime and a 26 per cent. reduction in robbery in Brighton and Hove? On this historic 10th Budget day, given the Government's record in crime prevention, may I appeal to him to ensure that Operation Reduction gains a further 12 months' funding from 1 April, and would he like to see—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. When I am on my feet, the hon. Lady must sit down. She has had a very good innings.

The Prime Minister: I assure my hon. Friend that this programme in her constituency, which has seen such huge reductions in acquisitive crime, will also mean that across the country over the next few months, we will have somewhere in the region of almost double the number of people in drug treatment. That is a very important part of cutting overall crime.

Mr. David Cameron (Witney) (Con): Can the Prime Minister tell us, is this the Chancellor's last Budget?

The Prime Minister: What I can tell the right hon. Gentleman is that I think that he will be sitting on that side of the House for a long time to come.

Mr. Cameron: Oh, come on, don't be so coy. Let me put the question in a way that I suspect about 350 Labour MPs would like it put. When is he off?

The Prime Minister: I regret to have to tell the right hon. Gentleman that we shall be here—I shall be here—for the time that is necessary to carry through the programme on which we were elected, since, I might just remind him, there was a general election less than a year ago, and for the third time, we won it.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I am sure that my right hon. Friend the Prime Minister agrees with me that when local schools have problems, they should be given the opportunity to turn themselves around. Will he join me in condemning Leicestershire county council, which is making the decision this afternoon to close Rosebery primary school, without the opportunity for that school to be given a chance to improve itself over the next year? It has taken the council a matter of weeks to come to the conclusion that it wants to close the school, despite the massive support from parents, governors, teachers and the local community to keep it open.

The Prime Minister: As my hon. Friend will realise, part of the purpose of the education legislation that we are putting through at the moment is precisely to ensure that local authorities take greater account of the wishes, needs and desires of parents. I know that Rosebery school in his constituency has a very high reputation and I hope that his representations are successful.

Sir Menzies Campbell (North-East Fife) (LD): After the events of the last week, does the Prime Minister still believe that Members of the House of Lords should be appointed and not elected?

The Prime Minister: There will be a debate on that in the months to come, because there will be the opportunity to debate the House of Lords and its composition. In my judgment, it is important that whatever happens after that debate—as I have said before, I will listen to it carefully—we do not do anything that challenges the primacy of this House.

Sir Menzies Campbell: The debate would be much better informed if the Prime Minister would tell us his personal view on the subject.

Can it be right that the Labour party is financially indebted to a Minister of the Crown? Is not that a potential conflict of interest?

The Prime Minister: If I may respectfully say so to the right hon. and learned Gentleman, he has had his own problems in relation to party funding for the Liberal Democrats, as all parties probably have. That is why it is sensible that we allow Hayden Phillips to conduct the negotiation on how the system is changed for the future.

Dr. Nick Palmer (Broxtowe) (Lab): Does my right hon. Friend agree that we were elected on a clear commitment to introduce ID cards, and that the attempt by some Members of the unelected House to allow criminals and others to opt out of carrying the card is not only anti-democratic but ridiculous?

The Prime Minister: It is particularly absurd because the purpose of the amendment is to decouple the passport from the identity card. It is vital and necessary—indeed, it is a requirement—that we introduce the new passport with the biometric details. It is therefore absurd to try to detach that from the introduction of an identity card, which can give so many benefits in terms of preventing identity fraud. It is particularly absurd that the argument now being put by the Conservative party against identity cards is cost, because the whole point of linking the passport to the identity card is that 70 per cent. of the cost is in the passport. So it makes perfect sense to link the two.

Mr. Cameron: The murder of Mary-Ann Leneghan has truly shocked the whole country. Four of the six gang members convicted were on probation when that dreadful murder took place. What steps will the Prime Minister take to ensure that the probation service properly assesses the risk that people under its charge pose to the public?

The Prime Minister: That particular case was indeed shocking and appalling. Anybody who has read even the most cursory details could not fail to be sickened by that horrific crime. However, in fairness to the probation service, it is important to state that those people were not on early release, nor were they subject to penalties that involved imprisonment at any stage; they were on probation for far lesser crimes. However, a broader issue is raised not only by this case but by many of the other recent cases, and that is how we monitor offenders through trial, conviction, and subsequently—if they go to prison—when they are released. That is the purpose of the reforms to the National Offender Management Service, which is being introduced by my right hon. Friend the Home Secretary.

Mr. Cameron: Is it not the case that the reorganisation of the probation service, the part creation of the national offender management scheme and the shortage of staff have combined to create a demoralised service? Is not that part of the problem?

The Prime Minister: First, we have increased funding significantly over the years. Secondly, I do not believe that that is the problem. The problem is to do with how we track those who may be highly dangerous offenders, and ensuring that instead of treating the offence, we treat the offender. In other words, we must ensure—this is the whole purpose of the reforms that we are introducing—that if someone has a record of violent or sexual crime they are tracked and monitored even when they finish their sentence. The purpose of the changes to

the National Offender Management Service is precisely that. I really do not think that it is an issue to do with the funding of the probation service.

Mr. Cameron: While early release may not have been an issue in this case, will he ensure that the review of the probation policy commissioned by the Home Secretary includes the early release schemes, which cause widespread concern and still let far too many prisoners out of prison far too early?

The Prime Minister: My understanding is that the early release scheme had cross-party support when it was introduced. Release on parole has been going on for many years. I do not agree that the problem has to do with morale in the probation service or the level of funding. It is to do—*[Interruption.]* I am about to explain. It is about the procedures that we apply to offenders. In my view we have to apply those procedures even when someone has finished their sentence. The problem at present is that someone may be convicted of a violent sexual offence, serve a term of imprisonment and be released from prison once they have served their sentence—and it is at that point that we need new procedures and rules that mean the person is subject to monitoring and supervision and, if necessary, recall, even after they have finished their sentence. That is at the heart of the issue.

The changes that my right hon. Friend the Home Secretary is making to the National Offender Management Service will be extremely important in making sure that prison and probation work far more closely together. There are real issues to do with how the probation service is organised rather than how it is funded, which need to be addressed.

Mr. Jim McGovern (Dundee, West) (Lab): Two weeks ago I attended an event at my local Tesco superstore to promote its involvement in Fairtrade fortnight, yet two days later, the company announced that it was shedding more than 400 jobs in my constituency, with no prior consultation with either local politicians or trade unions. I have since received correspondence from Tesco indicating that it knew about that decision for more than a year. Will the Prime Minister join me in reminding Tesco that fair trade should mean not only a fair price for the people who supply the tea, coffee and chocolate that the company sells, but a fair deal for the communities in which it locates and the people whom it employs?

The Prime Minister: I am sure that my hon. Friend is right, and I hope that any company faced with a situation where it has to make redundancies obeys the proper procedures. The information and consultation directive from Europe should assist in that process. Obviously, I do not know enough about the circumstances in the individual case that he raises, but I am happy to look into it for him.

Q2. [60084] **Mr. Ben Wallace** (Lancaster and Wyre) (Con): In the light of the recent financial scandals, which is the Prime Minister looking forward to most—helping the Italian police with their inquiries or helping the Metropolitan police with their inquiries?

The Prime Minister: I might respectfully point out to the hon. Gentleman that Labour has been a little more open on the issue of loans than the Conservatives have. However, as we have appointed Hayden Phillips to look into the whole area, the sensible thing is to try to reach consensus on the right way forward, because party political funding is difficult for any political leader.

Q3. [60085] **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): May I draw my right hon. Friend's attention to the announcement by the Low Pay Commission that the national minimum wage will be increased from £5.05 to £5.35 per hour from October? The national minimum wage was once described as "extreme, dangerous and absurd" by the previous leader of the Conservative party, so what assessment has my right hon. Friend made of its impact on poverty?

The Prime Minister: The latest increase in the minimum wage will benefit about 1.3 million people, 66 per cent. of whom—two thirds—are women. As a result of a combination of the minimum wage and tax credits, not merely have we lifted many, many families out of poverty, but we have made work pay. The minimum wage is an issue we had to fight strongly—

Mr. Eric Forth (Bromley and Chislehurst) (Con): What about unemployment?

The Prime Minister: The right hon. Gentleman shouts out about unemployment, but may I remind him that we have 2 million extra jobs under this Government? I realise that he represents the neanderthal tendency of the Conservative party, which I admire in one sense, because it is so genuine. It used to be said that if we introduced a minimum wage, unemployment would go up, but actually we introduced the minimum wage and employment has gone up.

Q4. [60086] **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): Could the Prime Minister tell us which of his policies was responsible for the defection to Labour of Mr. Alan B'Stard?

The Prime Minister: I am not in a position to comment on Mr. B'Stard, but I believe that the reason why we have managed for the first time in our history to win three general elections, and why the hon. Gentleman's party has spent a longer consecutive time sitting on the Opposition Benches than ever, is that we have combined a strong economy, investment in public services and social justice.

Ed Balls (Normanton) (Lab): Does the Prime Minister agree that the prospects for cross-party consensus on tackling the long-term environmental challenge will prove elusive while the main Opposition party continues to oppose the climate change levy?

The Prime Minister: I agree entirely with my hon. Friend, and it is worth just pointing out that the climate change levy, I think, now accounts for about 40 per cent. of the reduction in emissions that this country will achieve by 2010. Therefore, support of the climate change levy is a complete test of whether someone is serious about the environment—and whether a party is

serious can be determined not by people cycling, or not, to the House of Commons, but by whether they are prepared to take the tough, difficult long-term decisions to reduce CO_2 emissions.

Q5. [60087] **Dr. John Pugh** (Southport) (LD): The Deputy Prime Minister said in evidence to a Select Committee:

"we are making more and more decisions on a regional dimension. It is done with regional offices at present which . . . the previous administration set up. I believe that"

it should be

"on elected representation".

We are inclined to agree with him. Does the Prime Minister? What is he doing to end the colonial government of the English regions and make his right hon. Friend happier?

The Prime Minister: As the hon. Gentleman may remember, we did have a referendum in the north-east. There are different ways that we can devolve power. One of the ways that we are doing it is, for example, devolving power to schools in local communities. Local area agreements for local authorities are immensely important. And of course, the regional development agencies have been a major factor in regional regeneration. So there are many models of regional devolution.

Q6. [60088] **Miss Anne McIntosh** (Vale of York) (Con): When the Prime Minister was elected he promised to rule and be whiter than white. At what point did he change course, and why?

The Prime Minister: I would simply point out to the hon. Lady that we have introduced in the Electoral Commission laws, and, indeed, in the party funding laws, transparency for the first time—*[Laughter.]* Yes, it is true that we will have to go further, but I might remind her that prior to 1997, no one knew who funded any political party—in particular, the Conservative party.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Can the Prime Minister explain to the House why, even before the loan scandal and the Metropolitan police investigation, 80p in every pound of individual donations to the Labour party came from people who were subsequently ennobled by him?

The Prime Minister: I am proud, actually, that the Labour party has the support of successful business people and entrepreneurs. I am quite sure that that is not the case with the Scottish National party—for the very good reason that its policies would wreck the Scottish economy.

Q8. [60090] **David T.C. Davies** (Monmouth) (Con): Has the Prime Minister seen the article in *The Sun* today, featuring 12 people who were murdered by prisoners out on early release? Will he now support the campaign to stop all forms of early release and make Britain a safer place in which to live?

The Prime Minister: I point out to the hon. Gentleman that the early release scheme, when it was introduced, had the support of both sides of the House, and that parole schemes have been in existence for many years. We do indeed look at how we can tighten up those schemes, but it would be a mistake to change the whole of that scheme, which, as I say, had support across the House when it was introduced.

Q9. [60091] **John Robertson** (Glasgow, North-West) (Lab): Will my right hon. Friend join me in congratulating the sportsmen and women who are doing so well over in Melbourne? Will he also join me in helping to support the Glasgow bid for the Commonwealth games for 2014, and help us as much as he helped London in winning 2012?

The Prime Minister: I certainly join my hon. Friend in congratulating all our athletes on their successes at the Commonwealth games. Let us hope that that continues throughout the remainder of the games. I can tell him that I fully support the Glasgow bid—it is an important bid—and as Manchester found when it hosted the last Commonwealth games, they bring fantastic opportunities for the city. It has been an amazing thing for Manchester, and has very much helped with the renaissance of the city. I know that Glasgow is doing well in any event, but the Commonwealth games there in 2014 would be a great event.

Q10. [60092] **Tony Baldry** (Banbury) (Con): What possible justification can there be for making nurses and other medical staff redundant at the John Radcliffe hospital in Oxford and the Horton hospital in Banbury?

The Prime Minister: It is important, surely, to put that into the context of the overall numbers of nurses in the Thames Valley strategic health authority. There have been almost 3,000 more nurses and almost 400 more consultants. Now it is correct that the John Radcliffe hospital has severe financial difficulties. That is why we are looking, with the hospital, at how it can get over them—but let the hon. Gentleman be in no doubt at all that in real terms the increase in the funding is almost 7 per cent., and there has to be a finite amount of money available. What is happening with the new financial system in the national health service is that for the first time, a proper account is being kept and hospitals have to live within their means—and it is important that they do so. In some cases that will mean hard decisions, but as one of the chief executives of one of the trusts was explaining the other day, those are necessary for the long-term health of the national health service.

Q11. [60093] **Huw Irranca-Davies** (Ogmore) (Lab): The whole House will join me in celebrating the fact that this week is the 60th anniversary of the first Bill that introduced the national health service, which was presented by that great socialist Nye Bevan. Does the Prime Minister agree that if Nye Bevan were looking down now, he would applaud—*[Interruption.]* He would applaud the massive unprecedented investment in the health service by this Government. Will the Prime Minister give us a progress report? *[Interruption.]*

The Prime Minister: No wonder Conservative Members are shouting, because on 19 March 1946, the NHS Bill was presented to Parliament to create the NHS, but what did the Conservative party do? It voted

against it, just as it has voted against the extra investment that is now renewing our national health service so that we have more nurses and doctors, more operations are being performed, waiting times and waiting lists are falling and, of course, cancer and cardiac deaths are massively down. That is the national health service renewed for the 21st century.

Q12. [60094] **Andrew George** (St. Ives) (LD): But the Minister of State, Department of Health, the right hon. Member for Liverpool, Wavertree (Jane Kennedy), told me last Tuesday, at column 398WH of *Hansard*, that my local hospitals trust should be "commended for their actions" and "supported in their proposals" to sack 300 staff, cancel operations and cut wards, theatres and other essential services. My constituents, who are losing jobs and services, want to know who is responsible for that. Is it the board, which is appointed by the Secretary of State, or is it the Secretary of State herself?

The Prime Minister: Surely the reason why there is a deficit is not that there have not been huge increases in funding. Surely even the hon. Gentleman can understand that there has been an increase every single year in real terms, including one this year of 6.4 per cent., so the West of Cornwall primary care trust is now getting more than £172 million. That has delivered falling waiting times, falling waiting lists and, indeed, more staff—but it is important for his constituency hospital, like the others, to live within its means. There is massive investment going in. It is correct that as a result of the new financial system that is being introduced, hospitals and primary care trusts are having to ensure that they do indeed live within their means. That is important, because whichever Government are in power there will be finite resources. The hon. Gentleman asks what is responsible. Sometimes what is responsible is the fact that hospitals and trusts need to change the way services are delivered so that they deliver the right number of targets that the Government have set down, but do so in a way that prevents them from going into financial deficit. My right hon. Friend the Minister of State congratulated the trust in the hon. Gentleman's area not because anyone wants to see anyone made redundant, but because it is important to do what I have described.

Ian Lucas (Wrexham) (Lab): When Feargal Sharkey opened a new music studio in central Wrexham recently, an orderly queue of young people formed to make their bookings. Will my right hon. Friend commend the Department for Culture, Media and Sport and Wrexham borough county youth service on their excellent initiative of opening the studio? Will he urge all hon. Members to open up space in their constituencies for a very loud and open rock music studio, because such studios engage our young people?

The Prime Minister: My hon. Friend is absolutely right. I was trying to think back in my memory which band Feargal Sharkey was a member of—the Undertones, am I right? I am sure that the initiative will be absolutely excellent. It is one of the things that enables young people to get fully involved in the joys of music.

Q13. [60095] **Mr. Adrian Sanders** (Torbay) (LD): More than 8,000 people were on a waiting list for NHS dental care last year in my constituency. Thanks to the hard work of the primary care trust, that was down to 3,000 until this Monday, when a major NHS dental practice pulled out of care, meaning that the figure is back up to 9,000. When will the Prime Minister get a grip on the NHS dental crisis in this country?

The Prime Minister: The majority of dentists are agreeing to the new contract, but it is true that some are not. We are therefore bringing new dentists in and training more dentists, because we have opened a new dental school—but as I have explained before, we cannot force dentists to come into the NHS contract if they do not want to. I am pleased to say, however, that about 90 to 95 per cent. of them are coming in. I am sorry about the people in the hon. Gentleman's constituency, but we cannot force people to be part of the NHS dental contract. I point out, however, that for 5 per cent. less work it is now paying £80,000 a year.

Q15. [60097] **Mr. David Heath** (Somerton and Frome) (LD): Last week I asked the Prime Minister a perfectly straightforward question about long-term care of the elderly, and he gave me a totally inadequate reply about pensions. So can I ask him again: why do elderly people in this country continue to have to sell their homes to pay for their care in old age, eight years after he said that he would leave the country if that was still the case?

The Prime Minister: I am sorry if the hon. Gentleman thought that my reply was inadequate. What I actually said to him was that we have put a lot more money into help for elderly people and their care, but there is a limit to the amount of resources that we have.

Hugh Bayley (City of York) (Lab): Last year, despite rising oil prices, the UK had the highest economic growth rate in Europe. We used to have more than 10,000 unemployed in York; now the figure is below 2,000. How have our Labour Government managed to avoid the recessions that we had when the Conservatives were in power?

The Prime Minister: That is due to the strong economic management of my right hon. Friend the Chancellor. What we have now is the longest period of sustained economic growth that this country has had. We have low interest rates, low inflation, high employment and low unemployment. That, of course, is enabling us to make the investment in the public realm and the public infrastructure that is also delivering better schools and better health care.

Sir John Butterfill (Bournemouth, West) (Con): Would the Prime Minister agree that public confidence in the office of the parliamentary ombudsman is fatally undermined if when she produces a detailed and lengthy report on the scandals in the pensions industry, its findings and recommendations are dismissed out of hand by the Government?

The Prime Minister: They are not dismissed out of hand, but I think I am right in saying that even those on the Conservative Front Bench have made it clear that

they cannot commit to the £15 billion that accepting the recommendations would mean. In the end, that is £15 billion that has to come from the general taxpayer. It is not that we reject the ombudsman's findings out of hand, but they come with a financial cost, and the financial cost is huge. If it really is £15 billion, the hon. Gentleman would have to accept that that is something that the country could not afford.

Mr. David Kidney (Stafford) (Lab): Now that the Treasury and the Department for Education and Skills have announced the extra money for youth services in England, will my right hon. Friend encourage local politicians to reach out to young people directly to ensure that they decide how the extra money is spent on facilities for them?

The Prime Minister: As a result of the additional money put into skills, we now have about 300,000 or more apprenticeships in the country, and very large numbers of people—hundreds of thousands of them—are being helped through to skill levels for the first time. The results of the extra measures, and also, of course, of the further education White Paper that will be published shortly, will allow us to expand significantly the help that we give people, not merely when they are at school but when they leave school and urgently require reskilling.

Sir George Young (North-West Hampshire) (Con): Could the Prime Minister have another shot at a question he was asked 20 minutes ago: is he in favour of a predominantly elected House of Lords? Yes or no?

The Prime Minister: I have said before when I have answered that question that I will wait for the debate and I am not going to commit myself. It is important that we do that. *[Interruption.]* The right hon. Gentleman has to accept that there are different views on an elected House of Lords everywhere, and I am not going to express mine at this moment in time. However, there will be an opportunity for the House to vote on this at a later point in time. The one thing that I have said before, and I say again now, is that I will not do anything that challenges the primacy of this House, and it is important that we avoid ending up with gridlock between the two Houses of Parliament.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): At the end of last year 5 million more people visited Government-funded museums than in 2001, when this Government made admissions to those museums free. That is a 66 per cent. increase in visitor numbers. Does my right hon. Friend agree that that is a triumph for a policy that allows people equal access to culture, regardless of their income?

The Prime Minister: My hon. Friend is absolutely right. *[Interruption.]* Opposition Members may laugh, but as she says, that means an extra 5 million visits. There has been an increase of 66 per cent.; visits to London museums rose by 65 per cent. That means that young people particularly, often for the first time, have the chance to go to museums, as do others for their leisure. They are therefore able to see some of the best museums in the world. If anything indicated the strength and correctness of the policy, it is that there are two thirds more visitors today than when we came to office.

Mr. Crispin Blunt (Reigate) (Con): Why did the Prime Minister not ask the Electoral Commission to investigate the party loans issue?

The Prime Minister: We have abided by the party loans rules completely. Again, I say to the hon. Gentleman that whereas we have now put out all the names—[HON. MEMBERS: "Oh!"] Oh yes; whereas we have disclosed those names, his party has not.

Mr. Jim Devine (Livingston) (Lab): Will my right hon. Friend join me in congratulating West Lothian district council, a Labour council, which last week was voted the best performing council in Britain? Will he congratulate Graeme Morrice and Alex Linkston, the chief executive, on their leadership, and does he agree that not only is Labour working nationally, but Labour works locally?

The Prime Minister: I am delighted to congratulate West Lothian council, the leader of the council and everyone who is part of it in my hon. Friend's constituency. It shows the important role that Labour local councils play up and down the country.

Orders of the Day

WAYS AND MEANS

Financial Statement

Mr. Deputy Speaker (Sir Alan Haselhurst): Before I call the Chancellor of the Exchequer, it may be for the convenience of hon. Members if I remind them that at the end of the Chancellor's speech, copies of the Budget resolutions will be available in the Vote Office.

INTRODUCTION

12.31 pm

The Chancellor of the Exchequer (Mr. Gordon Brown): It is a great honour and privilege to deliver a 10th Budget. Hon. Members may be aware that the last Chancellor to deliver 10 Budgets in a row was Nicholas Vansittart in 1822. In order to win the House's indulgence to be able to deliver so many Budgets, he did of course have to agree to abolish income tax. I regret to inform the House that that is a precedent that I do not intend to follow—at least this year. I can also tell the House that, for Mr. Vansittart, being Chancellor was preparation for his next important position in government: Chancellor of the Duchy of Lancaster.

The British economy is strong and strengthening. I can report that inflation is currently 2 per cent. and on target. From the latest quarter, the economy is growing at an annual rate of 2.5 per cent. and on target, as we enter the 10th year of growth under this Government—the only Government in British history to be entering the 10th consecutive year of uninterrupted economic growth. With the world's pace of economic change accelerating, this is a Budget to strengthen Britain further for the global opportunities ahead: to lock in stability, but also to lead the world in new industries and technologies, which will increasingly shape our future; for British people, higher skilled jobs with higher wages, but also new choices for parents to balance work and family life; to invest in and reform public services, housing and infrastructure; and, building on the climate change levy, to meet the energy and environmental challenges. Most of all, this is a Budget for Britain's future to secure fairness for each child by investing in every child—a modern Britain that leads on enterprise and prosperity, because we lead in opportunity and fairness.

For 50 years, Britain's economy was prone to high and volatile levels of inflation, and our first challenge was and is not just achieving low inflation today, but entrenching a culture of stability that allows Britain to invest for the long term. I can report that we have met our inflation target this year and every year since 1997; and looking five years and 10 years ahead, under current policies, inflation is still expected to be in line with our target. In just a decade, long-term inflationary expectations have virtually halved to 2 per cent., and today long-term interest rates are the lowest they have been for 40 years, at just 4 per cent.

Indeed, even when facing in succession the Asian crisis, the IT bubble, an American recession, euro area stagnation and, most recently, the challenge of the oil shock and house price inflation—challenges which in previous decades led to British recessions—our economic framework for stability has proved resilient, robust and prudent.

On Black Wednesday in September 1992—not so long ago, as the Leader of the Opposition will remember—interest rates reached 15 per cent. Since 1997, interest rates have averaged 5 per cent.

Mortgage rates, which averaged 11½ per cent. between 1979 and 1997 have since then averaged just half of that at 6 per cent. I have said before: no return to boom and bust.

In new measures, I propose to entrench stability today. We will continue to have the strength to take the long-term decisions that matter.

First, since 1997, my approach has been that day-to-day management of monetary policy be independent of Government and the same principled approach be applied in other areas: to competition policy, industrial policy, small business policy and the management of debt. Today, I am publishing a new remit for the debt management office. Last year, our stability enabled us for the first time in a generation to issue bonds with maturities of up to 50 years. I can announce that in the next issue, long-dated gilts will increase from just under half to just under two thirds, reflecting the benefits we now gain as a country from long-term stability.

Today, I am also publishing the detailed proposals, modelled on Bank of England independence, for official statistics to be the responsibility of an independent board, and for enhanced accountability to Parliament.

I am also publishing today the new memorandum of understanding between the Treasury, the Bank of England and the Financial Services Authority so that Britain has in place the most up-to-date early warning and response system to deal with any risk to financial stability.

We will continue to be vigilant over global imbalances and oil prices.

We will take no risks with inflation at home. The public sector pay settlements will show settlements this year averaging just 2¼ per cent., combining fairness in pay, with more for nurses, with vigilance and discipline in the fight against inflation.

It is Britain's new economic stability, and also our commitment to free trade, open markets and scientific progress, and our willingness to invest, that make our country better placed than ever to be one of the global economy's success stories. A year ago, some said that the doubling of oil prices would push our inflation far beyond target and that a recession was required to slow the increase in house prices. Instead, I can confirm to the House, as stated in the pre-Budget report, that growth will be 2 to 2¼ per cent., followed in 2007 and 2008 by growth of between 2¾ to 3¼ per cent.

Domestic demand is expected to grow this year by 2 to 2¼ per cent., strengthening to 2¾ to 3¼ per cent. in 2007 and 2008. As industrial production grows, exports are projected to rise by between 5 and 5½ per cent. and 4¾ and 5¼ per cent. in 2007 and 2008.

Since 1997, economic growth in the euro area has averaged just 2 per cent.—in France, just over 2 per cent; Germany, 1.4 per cent.; Italy, 1.4 per cent.; Japan, just over 1 per cent.—but in Britain, growth has averaged

[Mr. Gordon Brown]

2.8 per cent. a year since 1997. Britain stands with the USA and Canada as the fastest-growing economies of the G7.

This is the 10th successive year that we have grown faster than the rest of Europe.

In fact, we have not only achieved growth in every quarter of every year since 1997, but, averaging 2.8 per cent., our growth rate now is significantly higher than the 2.1 per cent. average of the period 1979–97. Before we came to office, Britain was seventh out of seven in the G7 for national income per head. Figures published today show that since 1997, as a result of stability and sustained growth, Britain has risen from seventh to sixth, then to fifth, fourth, then third, and we are now second in the G7—second only to America in national income per head.

The test of our monetary policy is that we are achieving sustained stability and growth not just for a year or two, but for the long term. The test of our fiscal policy is that we match a commitment to balance the current budget over the economic cycle with the ability to make the necessary long-term investments. Figures for the current budget from now to 2010–11 are minus £11 billion, minus £7 billion and then surpluses of £1 billion, £7 billion, £10 billion, and £12 billion in successive years.

So we meet our first fiscal rule—the golden rule—and we do so by a margin of £16 billion. This £16 billion surplus contrasts with a deficit in the last economic cycle from 1986 to 1997—a deficit of £157 billion under the previous Government, and we are well placed to meet our golden rule in the next cycle too.

The purpose of our second fiscal rule, the sustainable investment rule, to keep debt at a prudent and sustainable level of income, is to end the situation where, under Governments of both parties in the past, Britain was plagued, as everybody knows, not just by stop-go in the economy, but by stop-go in capital investment. So meeting our second fiscal rule allows us to combine stability with the necessary long-term investment in transport infrastructure, health, education and science. As a result of our success so far, total net public investment, which was just £5 billion a year in 1997, is this year £26 billion—five times as high.

Schools capital investment, which was just £600 million in 1997, is £6 billion this year, and even after inflation we have invested £32 billion since 1997 in modernising our schools in just nine years, compared with just £14 billion in the 18 years before. We have invested twice as much in half the time. To meet the infrastructure needs of business we have been able to double investment in skills, transport, and science, yet even with such levels of investment vital to our economy, we are still comfortably meeting our second fiscal rule.

Net debt is now 47 per cent. of national income in France and in America, 62 per cent. in Germany, 83 per cent. in Japan and 100 per cent. in Italy. This year in Britain it is 36.4 per cent. of national income. I can report that in future years debt will be 37, 38, 38, 38, and 38 per cent. of national income successively, so we meet our second rule over the cycle, and we do so by a margin of £26 billion.

Net borrowing, which was £90 billion just over a decade ago, will be £37 billion this year, £36 billion next year, then £30 billion. It will fall to £25 billion, £24 billion and £23 billion in 2010–11 as we borrow to invest, borrowing in that year 1.5 per cent. of national income, compared with 8 per cent. just over a decade ago. In line with what I said in the pre-Budget report, net borrowing adjusted for the economic cycle will fall in future years from 2.4 per cent. of national income to 1.9 per cent. and then in successive years it will fall to 1.6 per cent., 1.6 per cent., 1.6 per cent. and then 1.5 per cent.

For this Budget I received representations to increase investment in skills, transport, infrastructure and science. I also received representations that we should adopt a third fiscal rule, that over the economic cycle and regardless of the needs of the economy, infrastructure and services, public spending and investment must, as a matter of principle, always rise more slowly than growth. Having analysed this proposal against our published plans, I have found that it would require in the coming year public spending £17 billion lower than this year and £16 billion lower the year after, closing off the possibility of additional investment. I have rejected these representations.

We are consistent that facing the economic challenge ahead we still, as a country, need to invest more. Meeting our fiscal rules and in line with our published plans, public investment to meet our infrastructure needs will rise from £26 billion this year to £29 billion next year, then 31, 32, 34 and 36 billions in the years ahead. And gross investment will rise from £48 billion this year to £63 billion in 2010–11. That sustained long-term investment in our education and infrastructure and in our future is possible because of the stability that we have achieved. So, Mr. Deputy Speaker, we can meet our fiscal rules, support the needs of business and make necessary long-term investments in, first, science, innovation and enterprise, secondly, infrastructure and transport, thirdly, security and the defence of our country and fourthly skills and education.

I turn first to science, enterprise and innovation. With the right long-term decisions, I believe that Britain can lead in some of the fastest growing and highest value-added sectors—City and business services, education and health, creative industries and science-based industries. Once small, now one third of our whole economy and one third of our exports, soon those industries will have a much higher share of jobs and wealth. In each one of those areas, I am proposing today to do more to support the dynamism and enterprise of our businesses.

I start with the importance of Britain's leading in scientific invention and discovery. The Secretaries of State for Health and for Trade and Industry are today announcing that to strengthen medical science and excellence in basic research, Britain will in future have a single budget for the Medical Research Council and NHS research, which will be worth at least £1 billion a year. America has its path-breaking national institutes of health, and we will now build agreement on the right design and institutional arrangements for a British model. To make best use of the additional £1.5 billion a year we invest in scientific discovery, we are proposing today a change of policy. We are setting out plans for a radically simplified allocation of the research funding that goes directly to universities.

We are continuing our policy of making industrial policy more independent and at arm's length from Government. We will refocus around business's own priorities, and £180 million is now available for investment in cutting-edge technologies. Every advanced industrial country knows that falling behind in science and mathematics would mean falling behind in commerce and prosperity. So the Secretary of State for Education and Skills is announcing today a comprehensive programme for recruitment, retraining, retention and reward of 3,000 science teachers, a new entitlement to study the full range of science subjects at GCSE level and the funding of after-school science clubs starting in 250 schools. And to ensure that that investment is matched by performance in our schools, we will benchmark science results just as we now benchmark English and mathematics.

Britain's stability and our commitment to openness and free trade make us well placed to attract business investment from around the world. In the past 10 years, business investment has grown on average at 5 per cent. a year, compared with 3.4 per cent. in the previous 10 years. Ten years ago, British business investment was £77 billion a year; this year it is £113 billion. We expect that in the next two years business investment will grow faster than the economy at 4.5 to 5.25 per cent. in 2007 and 2008, rising to £126 billion in 2008.

Since 1997, there are more than 500,000 extra new businesses, and there are an additional 105,000 self-employed men and women. There is growth in every region, reflecting the dynamism and breadth of Britain's growing entrepreneurial culture. In the cycle that ended in 1997, productivity growth averaged 2 per cent. a year. In the current cycle, it is 2.3 per cent., which is a rate of productivity growth higher than at any time since the '60s—the result of our stability. After decades behind, Britain has caught up with Germany in productivity, is ahead of Japan and has halved the gap with France.

In total, there are now 4.3 million businesses and 3.7 million self-employed. To meet and master global challenges, it is right today to do more to back our enterprise culture.

To boost creative industries—soon to be 10 per cent. of our economy—as well as modern manufacturing, we are expanding the successful R and D tax credit by doubling the size of companies that can claim higher credit. With the aim of trebling our education exports, which will soon be £50 billion of our economy, we are signing new education partnerships with India, Russia and South Africa and China. To make Britain more attractive for overseas students, from May this year the Home Secretary will make it easier for those with specialist skills who graduate from English universities to work here for one year.

Alongside a new City of London taskforce to promote British financial services globally, and backed by a new British advisory board and council, the Foreign Secretary and the Secretary of State for Trade and Industry are announcing a revamped UK Trade and Investment, which will set new targets for expanding trade with China, India and emerging economies, and for making Britain the location of choice for international business.

Growing companies need venture capital, so we will refocus tax incentives for venture capital, with a 30 per cent. relief for investments in venture capital trusts. From today, twice as much investment as before will be eligible for income tax relief in enterprise investment schemes.

Since 1997, corporation tax has been cut from 33p to 30p, small business tax from 23p to 19p, and capital gains tax for long-term business assets from 40p to 10p—a corporate tax system that we will continue to discuss with business and keep internationally competitive. I agree with employers who have suggested that for low-paid workers there is a case for better alignment of the national insurance and income tax systems, so we will conduct a review in time for a consultation after the pre-Budget report.

Small firms with high growth potential also need equity finance, so I can announce £100 million of new money to double enterprise capital funds. Modern manufacturing in Britain will benefit not only from expanding the R and D credit, but the growing role of the manufacturing advisory service and a smaller number of business services offering more targeted support.

Today I can announce the formation of a national enterprise network of more than 200 schools: new summer schools in enterprise, including scholarships to American business schools for young British entrepreneurs.

In the last Budget, I announced that Britain would pioneer risk-based regulation. Today, the Government publish our code based on a legal requirement for inspection only where there is risk. Risk-based regulation will work best if it is applied not only here, but in the European union. We are asking the European Council tomorrow to adopt the same risk-based approach in the interests of British and European competitiveness.

Incomplete liberalisation of energy markets is one factor in high gas prices. So, again at the European Council tomorrow, we propose that all energy and other sectors which fail to liberalise and open up to competition be subject to independent investigation and enforcement.

Nowhere does the current restructuring of the global economy impact more than on jobs and on skills. A Britain that thinks long term and thinks globally will not compete on low skills but invest in the higher skills. The new deal enacted the principle of an active labour market policy for any person out of work, and the economy has generated 2.4 million additional jobs since 1997. The claimant count, which was 1.7 million then, is today, even after recent rises, 920,000—800,000 lower. Britain has 75 per cent of adults in work, which is a higher rate than America or the European Union, and there are 170,000 more people in work than when I gave my Budget a year ago. If we had Euro areas levels of employment, we would have 3 million fewer jobs.

But while other countries have yet to succeed in the fight against mass unemployment, the new deal in Britain is now rising to a new challenge. Today, the British economy has just 9 million highly skilled jobs. By 2020, it will need 14 million highly skilled workers. And of 3.4 million unskilled jobs today, we will need only 600,000 by 2020. Employers rightly tell us that their greatest long-term need is a skilled, flexible labour force. With the typical worker changing jobs seven times during a working life, investing in skills and the ability to re-skill will make Britain the most flexible economy of

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the future. So this Government will not abolish the new deal, which has helped more that 1 million people into jobs—we will strengthen it as a new deal for skills and jobs. The Leitch review is now considering a far-reaching proposal under which Britain can lead in skills: how to bring together at a local level employment and training services for not only the unemployed, but all who seek new skills.

Thanks to the national employer training programme, 100,000 women workers are gaining skills for the first time. Following the recommendations of the women and work commission, I can today announce new help for working women who want a wider range of career choices offering higher earnings and to close the pay gap with men. We will double available training for women with low skills, we will increase the work credit, and from October we will increase the minimum wage to £5.35 an hour. And we will address the unacceptable discrimination in women's pay.

As the cities paper published today shows, our cities and largest towns are our biggest job creators, but they are also the home of most unemployment in our country. So the Ministers with responsibilities for communities and for work are setting out measures, first, to help 30,000 more lone parents into work and, secondly, to pilot partnerships with the voluntary sector and local authorities for thousands more jobs.

We are well on our way to meeting our objective of 2 million new homeowners since 1997. After 160,000 new homes built last year, there are now already an additional 1.8 million homeowners—something that has been possible because of low mortgage rates. But Government must also help to balance supply and demand. Our priority, as the Barker report recommended, has been: first, to speed up planning; and secondly, to release more public sector land, now and in the future, to build 100,000 more homes. To attract more capital into house building, we are now legislating to introduce for Britain the real estate investment trusts that are so successful in the USA. To help finance necessary new infrastructure, our policy is that local communities should retain more of the planning gains that are generated in their area.

Britain is pioneering shared equity to bring home ownership within the reach of first-time buyers. The Deputy Prime Minister is today allocating £970 million for shared equity that will help 35,000 new homeowners get their first step on the ladder of home owning in this country. The Minister for Housing and Planning is inviting housing associations, local authorities, builders and building societies to offer shared equity, and we will now pilot minimum holdings as low as 25 per cent. We will also pilot a new scheme so that instead of tenants continuing to have to use housing benefit to pay their rent, the same money is used to bring sites back into use and to build new homes.

The climate change levy, the resulting climate change agreements, and the Carbon Trust funded by it have cut carbon emissions in this country by a total of more than 28 million tonnes. That is why we are already able to meet our Kyoto targets. In each of the next five years, these climate change measures will cut emissions by more than 6 million tonnes, and, as the Prime Minister said, they will account by 2010 for 40 per cent. of our total carbon reductions.

Because of the climate change levy, 10,000 businesses have signed climate change agreements. Under the Carbon Trust funded by the levy, 3,000 businesses have reduced their emissions. Enhanced capital allowances have underwritten investment in 13,000 energy-saving products. So I reject representations to abolish the climate change levy. I can confirm today our resolve to continue to reduce emissions, including through the climate change levy. Having kept the climate change levy at its original level for its first five years, it is my intention that for 2007 we index the climate change levy in line with inflation. As before, we will continue to return its revenue directly to business, and we will consult them on the most effective way of doing more to support investment in energy efficiency and the environment.

Our supply of energy should be stable, secure, competitive and environmentally sustainable. With 98 per cent. of emissions occurring outside Britain, climate change is a global issue which demands global solutions. Our first ambition is an international framework, and I can tell the House that at the heart of this is this Government's plan to strengthen and extend beyond 2012, as the Environment Secretary has said, the EU emissions trading scheme.

The developed world has a responsibility also to help developing countries meet their energy needs, so at the World Bank meetings in April, we will propose a World Bank facility—a $20 billion fund—for developed economies to invest in alternative sources of energy and greater energy efficiency for developing countries.

We want also to be a world leader in the discovery and development of new energy technologies. Following a joint study with the Norwegian Government, we have found that carbon capture and storage in the North sea can reduce emissions from gas and coal power stations by 80 per cent. So we are today publishing proposals for industry-wide consultation to move this important environmental advance, which will cut emissions, from research to commercial development.

Britain also has a unique opportunity to lead the development of all low-carbon technologies to meet the challenge of climate change. After discussions in recent weeks with some of the world's biggest energy companies, they have agreed to work in partnership to create for Britain a new energy and environmental research institute. For it to become, for Britain, at the cutting edge of science and engineering, our aim is that the public and private sectors together raise finance of £1 billion.

Britain must lead not only in environmental research, but in the exploitation of new sources. So to help British companies to commercialise new environmental technologies, we are setting aside an initial sum of £20 million as seedcorn finance for the first enterprise capital fund for the environment.

The energy used in buildings accounts for nearly half of UK carbon emissions, so our next ambition is for Britain's homes and businesses to be the most energy efficient in the world. Regulations to take effect next month will improve the energy efficiency of new buildings by 40 per cent., compared with 1997 standards. But we will now do more. In the climate change programme review published next week, the Secretary of State for the Environment will announce additional incentives and cash support to pilot

smart metering and a new labelling scheme highlighting the energy efficiency of consumer goods. And I can announce today, following an agreement reached this week with energy companies, a major extension of help for insulation—an additional 250,000 homes over the next two years. With every pensioner and low-income family eligible for special help, from 1997 to the end of this Parliament a total of 2 million more British homes will have been insulated.

I can also announce a fund, initially £50 million, for microgeneration technologies which make it possible for homes and businesses to generate their own renewable energy. The purpose of this fund is to show how we can make these technologies, from wind turbines to solar heating, affordable to schools, housing associations, including local authority tenants, and businesses. Initially, it will cover 25,000 buildings.

While half of carbon emissions come from buildings, a quarter come from vehicles. So today I want to do more to encourage cleaner fuels and cars. I propose to radically reform vehicle excise duty. I am introducing, to take effect tomorrow, a zero rate for a small number of cars with the very lowest carbon emissions, which will pay no duty at all. Instead of £75 for cars with low emissions, we will have significantly lower rates of £40. Duty rates from today will be zero, £40, and then £100, £125, £150, £190 up to a new band of £210 for the small number of new cars that are the most polluting—1 per cent. of all cars. This will help to pay for 5 million more fuel-efficient cars to have their duty cut. As a result of our decisions, and at an eventual cost of £10 million a year to the Exchequer, the duty paid on 50 per cent. of cars will be frozen or reduced from tomorrow. Instead of just 300,000 motorists paying £100 a year or less, 3 million will now pay £100 or less.

To reduce carbon emissions further, 5 per cent. of fuel will be made from biofuels by 2010, with support and incentives that will, with the 20p duty differential, be worth up to 35p per litre by 2008. It is our policy that each year fuel duties should rise at least in line with inflation, as we seek to meet our targets for reducing emissions and to fund our public services. But for the fourth successive Budget, because of high and volatile prices in the oil market, I propose to defer the usual inflation increase until 1 September. I will maintain the duty differential for rebated oils. And next week, when she publishes the climate change review, the Secretary of State for the Environment will set out her plans for a proposed annual carbon report. I can tell the House that the measures we announce today are essential for the progress in cutting carbon emissions that we all want to make.

The Budget task is to strike the right balance between tax cuts that are affordable, investments that are essential, and stability that is paramount. In striking the balance between tax, spending and borrowing, I am able to do more for hard-working families. Taken together, child benefit and the child tax credit effectively mean no income tax liability for a two-child family with earnings up to £425 a week. So 3 million of Britain's 7 million families with children have their income tax liability effectively wiped out by this family tax cut.

I have examined which tax decision could do most for families in future. We are raising the personal tax allowance from £4,895 to £5,035. One option would be to raise that personal tax allowance further. But spending £500 million on a family tax cut in this way would give a two-child family on median earnings of £24,000 a year £22 a year more, or 40p a week. However, using the same resources to raise the child tax credit will give that same family a family tax cut worth £140 a year more, over six times as much: £2.70 a week. So the best way to do most to help low and middle-income families with children, the best family tax cut, is to do as I will do today: to raise the child element of the child tax credit. Over the next three years, I will improve it by 14 per cent. For a family with two children, the child tax credit will be worth up to £88 a week in 2009, or £4,500 a year, a far bigger family tax cut than we could give if we used the same money to improve personal tax allowances or to cut the tax rate. Every one of Britain's 7 million families with children will gain as we raise child benefit on 10 April this year to £17.45 a week.

Since 1997, we have also recognised that a rising economic tide does not automatically lift all people's living standards, and that over and above securing economic growth, we as a Government have a responsibility to address and cut child poverty. Because of investing in the child tax credit, child poverty has fallen by 700,000 in our first seven years. But we want to do more. It is by raising child benefits, as we have done today, and encouraging more single parents into work—as we have also announced today—that 300,000 children will no longer be growing up in poverty. Instead, they will have better chances.

It is also our intention that every child born and growing up in Britain is not only freed from poverty but also has assets to their name. Since September 2002, every child born in Britain receives £250—for lower income families, £500—for their own individual child trust fund, to encourage savings. Today, with 1.5 million accounts already in being, I can announce that for these same children, additional payments of £250 and £500 will be made at the age of seven as well. This is an investment in the future, and in a savings culture among young people, that will in time allow all young people to have more of the choices previously available only to some.

I understand the very real pressures that mothers and fathers face in affording safe, high-quality child care. In 1997, there was almost no direct help available for child care at all, other than for workplace nurseries. From April, working mothers and fathers can receive help through the child care tax credit worth up to £240 a week or, with the support of their employers, through the employers child care vouchers. That means help is available for working mothers and fathers at every income level, and it is the first time in Britain that we have made an offer of universal help for child care.

The Childcare and Work and Families Bills will provide new rights to nine months' paid maternity leave and establish a new duty on local authorities to ensure child care places. But today I am also raising the value of the tax-free child care voucher from £50 to £55 a week. I am making capital grants available to medium and small employers to establish workplace nurseries, which will complement the rise from 6 April in the child care tax credit and the expansion of Sure Start children's centres from 700 now to 3,500 by 2010. Overall, that is an increase in child care places for families to 1.2 million—90 per cent. more than in 1997.

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I am able to take further decisions on taxation. On insurance premium tax, the aggregates levy, air passenger duty and corporation taxes, I propose that rates remain unchanged. On cigarettes, my decision is, for public health reasons, to go ahead with the annual inflation rise of 9p a packet from tomorrow. I will freeze duty on whisky and all spirits for the ninth successive year—for whisky, the longest period without an increase for half a century. I will implement, from midnight on Sunday, only the normal annual inflation rise of 4p on wine and 1p on a pint of beer. But in anticipation of World cup success this summer, I am freezing duty on champagne, and on British sparkling wine. I will also freeze duty on cider.

On VAT, I will continue to help churches and faith groups by refunding VAT paid on renovation of church buildings, monuments and other sacred places. I will extend the special VAT scheme for horse racing. I hold to our pledge not to extend VAT to a number of items: food, books and newspapers, public transport fares, children's clothes and children's shoes, including flip-flops.

I am publishing today a full updated list of the goods and services now subject to the reduced VAT rate of 5 per cent, and measures to tackle VAT fraud and avoidance. Last year, I proposed that the European Union should raise the duty free allowance for bringing goods into this country from outside the EU. This year, the European Commission has proposed to increase it from £145 to £340, but I am submitting proposals today for a further increase to £1,000.

The tax-free limit for ISAs will remain £3,000 cash and £7,000 in total. I can report that £190 billion has already been invested by 16 million people. I can confirm as usual the tax-free winter allowance of £200 for pensioners and £300 for the over-80s. Further support for pensioners will be contained within the forthcoming pensions White Paper. I will raise the exemption on stamp duty to £125,000, which means, with the last Budget's measure and this, we have taken 400,000 homeowners out of stamp duty. I will raise the amount of inheritance exempt from tax over the next four years from £275,000 this year to £325,000—94 per cent. of estates pay no tax.

Meeting all our fiscal rules, I have been able this year to cut vehicle excuse duty, continue the freeze on fuel duty, freeze spirits duties, take more people out of stamp duty, extend the family tax cut, child tax credit, and give more employers and employees tax incentives to cut the cost of child care, while at the same time improving tax allowances for business research, development and investment. Because of the strength of our fiscal position, I could cut further taxes while still meeting all my fiscal rules.

In each Budget, instead of dogmatically imposing a third fiscal rule, I look at the merits of the case to get the balance right between tax, spending and borrowing. Therefore, in doing so, it is also right to consider the case for additional investment in the national interest. I turn to our priorities: finance for our important educational reforms; plans for the Olympics and sports; and, first, defence, law and order and national security.

This is the first Budget since the attacks and tragedies of 7 July, a day when the nation stood as one against terrorism. We will never forget those who lost their lives and those who were injured. Today, we are allocating funds towards a memorial that will reflect the wishes of the victims' families. We will also support with an initial endowment of £1 million the creation of a new charitable fund to support British citizens injured in or affected by terrorist acts at home and abroad.

Since 11 September, we have also doubled the budgets for security here at home from £1 billion to £2 billion. The country depends on the strength of our security services and our armed forces. To support our armed forces who serve us so well in Iraq, Afghanistan and other international commitments, I am allocating an additional £800 million. To promote peacekeeping in the most troubled countries of the world, I am today also setting aside an additional £200 million. I can also announce that the UN emergency relief fund, with starting finance of $250 million, will, at the instigation of the Secretary of State for International Development, immediately provide as its first major disbursement $30 million in famine relief to the horn of Africa, building on our own emergency contribution of $60 million.

To deliver on the promises made at Gleneagles on aid and transparency, to move forward our international finance facility, and as part of the doubling of aid to Africa, I and fellow Finance Ministers from the IMF and World Bank will set out in Mozambique next month a new initiative that will be launched by President Mandela—and we are grateful to him—to finance new, detailed 10-year plans so that we can meet the millennium development goal of free schooling for every child by, and if possible before, 2015. Those initiatives are founded on keeping our promises to increase development aid each year to reach 0.7 per cent of national income.

As the Prime Minister has said, 2006 must also see an ambitious outcome for the world trade round. To ensure that developing countries can both support the round and be beneficiaries of it, we will contribute to an aid-for-trade fund that will help build the infrastructure and capacity to trade in developing countries that are urgently in need of our support.

The 2012 Olympics will be a proud moment for London and the whole of Britain. Together, the Greater London Authority, the Government and the national lottery have already agreed funding of £3.4 billion. I am able to announce the next stages. We will invest now in our 2012 Olympic champions. Recent results in Melbourne—and today, again, in India—have shown the outstanding sports talent that exists in our country. For training and facilities for world-class athletes of the future, I can announce £200 million of public money to be matched by raising £100 million in sponsorship, and, with another £300 million from the lottery, over £600 million will be available in total as world-class funding for world-class athletes in our country.

The Olympics will inspire young people across Britain and we must open up to them new opportunities to take part in sports. So we are also announcing that each year, from now until 2012, there will be a schools Olympics. Starting in Glasgow this year, and in a different city each year, we will fund annual national competitions in Olympic events open to all schoolchildren throughout the United Kingdom.

The 2012 Olympics is for athletes to excel in, but it must also be an event in which all in Britain can share. Today, we are also announcing an Olympic trust fund for nationwide cultural and sporting events, which will take place alongside the Olympics. The games will end in 2012, but their legacy must continue, and it should benefit not just London but the whole country.

Because we want the 2012 Olympics and, beyond that, any English bid for the 2018 World cup to regenerate sports across our country, I want us to build in every area over the next decade public-private partnerships that can locally renovate and extend sporting facilities at the grass roots. We are today announcing initial funding of £34 million for a new national sports foundation. It will start next week, modelled on the Football Foundation's success, and will bring together public and private finance for new local sports facilities and grass-roots participation. I am also setting aside £2 million for a new venture between police, premier league football clubs and community groups, with the Football Foundation, to offer young people evening sports and to tackle antisocial behaviour.

Following the Russell commission which I set up two years ago, the new gap-year and volunteering scheme, youth national community service, will be launched in May with 26 company partners, a budget of up to £150 million and a target of 1 million young volunteers. It will be backed by youth community service on environmental projects, to be financed by an expansion of the landfill tax credit scheme.

But we must also do more to invest in youth and community facilities, both for the future—where banks and building societies have agreed, unclaimed assets will go to finance new facilities—and from next month, when in each local authority with budgets averaging half a million pounds, young people will for the first time decide on their own local services. I propose that we extend that with a new challenge fund open to all young people proposing innovative projects for youth and community facilities in their area—additional cash to reward innovation and spread best practice across the country.

Further to support that and the voluntary sector as a whole, which are at the heart of the life of every community, we will now set up in the Treasury an office for the voluntary sector, including faith as well as non-faith charities. It will advise on gift aid and futurebuilders, and will conduct a nationwide consultation with the voluntary sector to inform our spending decisions.

But as well as making these additional investments, this Budget will now start the process of setting out our priorities and plans for the next spending round and the years ahead. Our aim must be to ensure by our investment that hard-working families are the beneficiaries of this era of great change. It is right to have the fullest possible debate on spending priorities.

A decade ago, our first comprehensive review reflected the British people's priorities for education, health and public services. Today I am publishing plans to begin a public debate on our second comprehensive spending review. But there are already two areas in which, by setting out our direction now, we can best deliver our priorities in the future.

In order to release new resources for our priorities—central to which is building world-class schools and education—we are reviewing the use of assets in all areas. After asset sales reported at £6 billion last year, we plan total sales by 2010 of £30 billion, releasing finance for our front-line priorities. In addition, I can confirm that the sale of Westinghouse will be completed in the next year, and we expect it to raise £3 billion.

The Government will move ahead in the coming year with the sale of the Tote. To diversify risk further and after the energy review has reported, we are prepared to sell part of our stake in British Energy and related energy assets. We will publish plans for the sale and release of public spectrum. All those decisions will release new money for our priorities for the future.

Also published today are the figures for the first £6 billion of Gershon savings, including a reduction in civil service posts of 40,000. And I can announce today further savings in the years of the next spending round from 2008 to 2011.

The Home Secretary has agreed that we can invest more in priorities like policing and security, while making savings in other areas within a three-year budget at its 2007–08 real-terms level. Her Majesty's Revenue and Customs, the Treasury, the Department for Work and Pensions and the Cabinet Office have also agreed that necessary modernisation will be funded from an innovation fund, and alongside this the spending review for those four Departments will proceed on the basis of minus 5 per cent. a year in real terms below the baseline of 2007–08—efficiency savings that will allow us to focus new and additional resources on front-line priorities.

To meet and master the global challenge, the most important investment in our economy and our future and the most pivotal reforms we can make will be in the education of our children and young people. I, like so many people, am grateful for the inspirational teachers and the high quality of education from which I benefited. And just as I had the best chances, my aim is that all young people from whatever background have the best of chances.

There are two priorities where, in this Budget, Britain can speed up our progress and advance even more quickly towards our ambition of world-class standards and excellence. With China and India turning out 4 million graduates a year, we can no longer afford to write off the talent or waste the potential of any British young person. So the Secretary of State for Education and Skills is announcing today that those who have missed out on their first chance in education will have a second chance to make the best of themselves. We are setting aside resources so that, for the first time, up to the age of 25, further education all the way up the scale to A-level standards will be free of charge.

That new right to free learning will be backed by adult learning grants to help with costs of living. And with financial help also for school leavers who have fallen through the net—and whom we want to help make the transition into training and work—our aim is a Britain where all young people stay on in part-time or full-time education, and gain skills throughout their working lives.

But 80 per cent. of the 2015 work force is already in work, and to make a reality of second chances in education for all ages, we must also strengthen our further education colleges—centres of learning that have been neglected in the past, but must be at the forefront of future success. So we are announcing for

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each college a step change in employer involvement, so that we can match the demand for skills to the courses on offer. The Secretary of State is also announcing new powers to redirect resources from failing courses to the best courses, the ones that individuals, employees and employers want to use.

We will match these further education reforms that promote individual choice, increase local accountability and business engagement and reverse failure with £500 million of capital investment and an annual budget worth £7 billion by 2008. As with other allocations, separate announcements will be made for Scotland, Wales and Northern Ireland.

But while we have a duty to ensure that there are second chances, we also have to ensure for every child the best first chance. Even with a doubling of investment, Britain's share of national income spent on education is still behind America and other major competitors.

We know the educational benefits of more individual attention, small group teaching and tuition, and we know that they are easier to get when the overall teacher-pupil ratio is low. In private schools there is one teacher for every nine pupils, compared with one teacher for every 16 in state secondary schools. To secure better results, we have improved the pupil-teacher ratio and doubled the money spent per year for the typical pupil from £2,500 to £5,000.

But that figure of £5,000 per pupil still stands in marked contrast to average spending per pupil in the private sector of £8,000 per year. Our long-term aim should be to ensure for 100 per cent. of our children the educational support now available to just 10 per cent.

So to improve pupil-teacher ratios and the quality of our education, we should set as an objective for our country that stage by stage, adjusting for inflation, we raise average investment per pupil to today's private school level. And I can start immediately in the coming spending round by closing today's gap between capital investment for pupils in private schools and in state schools, so that all schools and all pupils have world-class IT and world-class equipment, teaching materials and buildings. So in the coming five years, investment in schools will rise from £5.6 billion a year to reach £8 billion a year—a 50 per cent. rise, making a total of £34 billion of new investment over five years.

By 2011, annual investment in the typical child's education will be over £1,000 per pupil, matching in state schools—in IT, equipment and buildings—what private schools spend today, and demonstrating, fully within the discipline of our fiscal rules, that by investing more in education and investing not a lower share of our national income but a higher share, we can make a practical reality of our goal that every child should have the best possible start in life. It is a goal we could not achieve if bound by a fiscal rule that cut investment, but a goal we can achieve if we build a national consensus around a rising share of investment in education.

I have further announcements to make. This Budget's choice is to invest more, not less, in schools and families; to strengthen the new deal, not abolish it; to maintain the climate change levy, not remove it; and instead of cutting investment, to hold firm and not waver on the principles that have given Britain stability and jobs, and now allow us to do even more for our priorities.

To tackle crime and the fear of crime, there are already a record 140,000 police officers and 6,000 community support officers. In 1,000 neighbourhoods, there are full community policing teams. But the Home Secretary and I want every community to have a community policing team as soon as possible. So, at an additional cost of £100 million, we will ensure by April next year that we more than double the number of community support officers from 6,000 to 16,000, and ensure that there will be neighbourhood policing in every community in England and Wales.

From 1 April there will be free local bus travel for every pensioner and for disabled people, but we believe that there should also be free national bus travel. So the Transport Secretary is announcing today, from April 2008, at a cost of £250 million, for every pensioner and for disabled people free off-peak national bus travel in every area of the country.

I have one further announcement. In 1997, there was no payment at all direct to primary and secondary head teachers. With £270 million extra from April, rising to £440 million next year, I can today put much more money than before direct to our schools for tuition, teachers and teaching support. There are those who say—as with the £1.5 billion that I have already found for law and order, policing, security, environment and the Olympics—that this £440 million for education should be used to cut taxes. I could, of course, afford to do so, but I say: investing in education comes first, and investing in education is this Budget's choice. So for the typical primary school, up from this year's £31,000, £44,000 will go direct to the head teacher. For the typical secondary school, up from this year's £98,000, from next week £150,000, and next year £190,000—twice what it is now. For the largest secondary schools with the greatest needs, from £260,000 to £365,000 next week, rising to £500,000 next April. Next year, £440 million more will go direct to schools, helping pay since 1997 for 30,000 more teachers.

Excellence in education, my priority; more investment and reform, not less; a strong and strengthening economy; this is a Budget for Britain's future and I commend it to the House

PROVISIONAL COLLECTION OF TAXES

Motion made, and Question,

That pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions:—

(a) Rates of tobacco products duty (motion No. 2)

(b) Rate of duty on Beer (motion No. 3)

(c) Rates of duty on wine and made-wine (motion No. 4)

(d) Vehicle excise duty (rates) (motion No. 8)

(e) Stamp duty land tax (unit trust schemes) (motion No. 61)—*[Mr. Gordon Brown.]*

put forthwith, pursuant to Standing Order No. 51 (Ways and means motions), and agreed to.

Mr. Deputy Speaker (Sir Alan Haselhurst): I now call on the Chancellor of the Exchequer to move the motion entitled "Amendment of the law". It is on that motion that the debate will take place today and on the succeeding days. The remaining motions will not be put until the end of the Budget debate, next week; they will then be decided, without debate.

Budget Resolutions

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding and amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description—*[Mr. Gordon Brown.]*

1.34 pm

Mr. David Cameron (Witney) (Con): Well, we wondered today whether we would get a Budget or a leadership bid, and I have to say that we did not get much of either. One can tell how big the crisis in the health service is—the health service did not even get a mention. If we cut through all the rhetoric, what we have is a Chancellor who has taxed too much, borrowed too much and is the roadblock to reform. He is a politician completely stuck in the past.

Of course, there are some things in the Budget that we welcome—not least because we proposed them. I particularly welcome what the Chancellor had to say about independent statistics and youth volunteering. We will look carefully at the detail, but I like what is happening: I come up with the ideas and he puts them in his Budget. *[Interruption.]* Bye-bye.

The Chancellor made a lot of the changes to the climate change levy, but he still has not addressed the real problem: it is a tax on energy, not a charge on carbon, which is why carbon emissions keep going up.

The Chancellor has just announced a new environment institute, but this is the same Chancellor who is closing the very laboratories that do the research into climate change. This was not a genuinely green Budget, and that is not surprising, because this Chancellor has not made a single major speech on the environment in 11 years. In a carbon-conscious world, we have got a fossil-fuel Chancellor.

I congratulate the Chancellor on what he had to say about the Olympics. I do not want to overdo it, however, as he has just spent an hour congratulating himself.

The Chancellor told us that his borrowing forecasts were correct. Yes, he correctly forecast that the public finances are in a mess. He is borrowing £37 billion this year. He told us that his economic growth forecasts were correct. Yes, he correctly forecast that Britain would grow more slowly than the United States, Canada, the G7, Spain, Ireland, the countries of the Organisation for Economic Co-operation and Development, and Australia. *[Interruption.]* I know that the Chancellor and the Prime Minister get to talk to each other only once a year, on Budget day, but they ought to listen to this bit.

We will study the rest of the Budget carefully because, after 10 Budgets, we know that this Chancellor's Budget speeches bear very little relation to the Budget itself. He told us about the savings culture, but why did he not tell us that according to page 238 of the Red Book—or, in the Prime Minister's case, the unread book—the savings ratio is only 5.75 per cent.? That is half what it was when he took office. Why did he not tell us that business investment, at 9 per cent., is at a record low? And he did not tell us that today he has revised the figure downward compared with three months ago. *[Interruption.]*

Mr. Deputy Speaker, there are two central facts that tell us the real story of this Budget. *[Interruption.]* First—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the right hon. Gentleman. The Chancellor was listened to with very—*[Interruption.]* Order. The hon. Member for Glasgow, North-West (John Robertson) will be removed if he behaves like that. One expects a certain reaction to these things, but the Chancellor was heard in relative silence and the same courtesy should be offered to the Leader of the Opposition and to the leader of the Liberal Democrats afterward.

Mr. Cameron: There are two central facts that tell the story of this Budget. First, the tax burden is at its highest ever level in the history of this country: higher than when Denis Healey made the pips squeak; higher than when Ramsey MacDonald sat where the Prime Minister is sitting now.

People who listened to the Budget will have noticed the second fact: even with the highest tax burden in Britain's history, the Government are borrowing £175 billion over the next six years. I know that the Chancellor is a man in a hurry, but that is no excuse for belting out figures like a supercharged bookmaker. Let me go through the figures in turn. He is going to borrow £37 billion this year, then £36 billion, then £30 billion, then £25 billion, then £24 billion, then £23 billion. That is £175 billion over six years. This Chancellor is mortgaging this country's future. That is more than £6,000 of debt for every household in this country. Those are the facts. After all the years of spin about enterprise and prudence, we have finally got to the truth. He is an old-fashioned, tax-and-spend Chancellor, and that approach is completely out of date. The story of this week is of a Prime Minister and a Chancellor up to their necks in debt, making promises that they cannot keep and not knowing whether to work together or fight with each other as the ship starts going down.

The real challenge facing this country is competing in the new global economy. The Chancellor has given us the biggest tax burden in Britain's history, and cannot be the right person to meet that challenge. We used to have the 10th lowest business taxes in the developed world, but we now have the 10th highest. The Chancellor has had 10 Budgets to boost science, but science departments in our universities are closing. He has had 10 Budgets to improve transport, and some of our motorways look like car parks. He cannot be the change that this country needs, because he is the architect of the policies that have put us where we are.

This country also faces a huge challenge to reform public services. The Chancellor, who has squandered billions of pounds on unreformed public services,

[Mr. Cameron]

cannot be the right person to meet that challenge. He has doubled spending on the health service but this weekend one hospital sacked almost 1,000 staff. Deficits across the NHS have now reached £1 billion. The Chancellor has doubled spending on education, but more than half of our children leave school without attaining the required standard.

Billions of pounds have been raised and spent, but we have no idea where the money has gone. With a record like that, the Chancellor should be running for treasurer of the Labour party.

In his Budget, the Chancellor mentioned pensions. After everything that he has done, millions of people in this country will think that he has got a nerve. This is the Chancellor who took £5 billion out of the nation's pension funds, and whose means testing destroyed savings. No mention was made of whether his pre-election bribe of £200 would be continued: I expect that we will have to find that in the Red Book.

This is the Chancellor who caused the right hon. Member for Birkenhead (Mr. Field)—the Government's first pensions Minister, and the only one who was any good—to say:

"When Labour came to power we had one of the strongest pension provisions in Europe and now . . . we have some of the weakest."

The Chancellor who smashed up the pension system cannot be the right person to rebuild it.

Labour MPs may think that the Chancellor is their salvation from the mess that they find themselves in this week, but the big policy failures of this Government—as opposed to the sleaze and the spin—are his failures. The failure to spend money wisely, to reform public services, to protect people's pensions, and to prepare for Britain's future—those failures are made in Nos. 10 and 11 Downing street.

The Chancellor may see himself as the rock on which Labour can rebuild its church. Instead, he is the roadblock stopping Britain from meeting the challenges of the future. He is an analogue politician in a digital age. He is the past. *[Interruption.]*

1.43 pm

Sir Menzies Campbell (North-East Fife) (LD): It is a fearsome task to follow such a constructive contribution as the one we have just heard, but I must begin by congratulating the Chancellor on the presentation of his 10th Budget. That he did so with great enthusiasm is hardly surprising, as he has a particular affinity for the number 10.

Let us look at the Chancellor's legacy. Levels of inequality are worse than under Mrs. Thatcher. Our pensions system is in crisis, and consumer debt is at £1 trillion. In spite of what the right hon. Gentleman has said today, there is complacency about the threat to the environment, and he presides over a Treasury that cannot manage even its own tax credit system.

Of course we welcome the changes in child tax credit and acknowledge the stability in inflation and employment, but we are entitled to remind the Chancellor that that stability is based on the independence of the Bank of England. The right hon. Gentleman derided that policy throughout the 1997 general election campaign, but he implemented it within 48 hours of entering the Treasury. Against that background, there is no room for complacency or time to tread water.

I return to the issue of inequality, to which our mutual friend John Smith would have attached the highest priority. The wealthiest 1 per cent. in this country owns 23 per cent. of the assets—more than in 1997—while the poorest 50 per cent. own only 6 per cent.—less than in 1997. The top 20 per cent. of earners pay less of their income in tax than the bottom 20 per cent., while the tax system remains unfair and complicated.

Why does the Treasury tinker with a tax system that is so fundamentally unfair and requires such radical reform? Every time that it does so, it adds layer upon layer of complexity and creates an incitement to, and opportunity for, fraud.

The most unfair and regressive tax of all remains the council tax. Having read the Red Book, we can confirm that it contains no provision for the £200 rebate made available last year. If there is to be no council tax rebate, we know that some of the most vulnerable will suffer. They will ask why they deserved help immediately before a general election, but not a year later.

The lack of reform to the council tax is not the Chancellor's only failure to act. Under this Government, green taxes have fallen as a share of overall taxation. The measures announced today will make little impact on that. If the Chancellor needs any external reference, he need only examine yesterday's report from the Environmental Audit Committee.

We need simplicity in environmental taxation, and a proper system of green economic incentives that encourages people to change their habits and the way that they live. Such a system should express and implement the principle that the polluter should pay. It was notable that, in the course of his observations about the environment, the Chancellor made no reference to the impact made by aviation, nor to the crying need to address the problems of continued expansion in the aviation industry.

The fact is that CO_2 emissions are higher now than in 1997. The additional vehicle excise duty to be paid by drivers of 4x4 vehicles applies only to new vehicles. By my reckoning, it is rather less than the cost of half filling the petrol tank. That is hardly likely to operate as a disincentive for people sufficiently well off economically to be able to afford such vehicles.

As for public spending, the Chancellor prepared the ground well in his pre-Budget report. He conceded the error in his growth predictions, changed the economic cycle, pointed out that he was going to raise taxes and acknowledged the slowdown in public spending. He got a lot of cheers today when his speech seemed to foreshadow increases in public expenditure. What many of those who cheered did not realise is that the spending plans pencilled into the pre-Budget report will mean that there will be announcements of real-terms cuts in many Government Departments next year.

Despite all the extra investment, public spending is still not reaching the front line. Treasury targets have led to NHS trusts, and to the drive to reduce waiting lists at all costs that has meant that care in other areas has been cut.

Of course, tough choices have to be made and spending prioritised. For example, the industrial subsidies that the DTI has been giving to the nuclear power industry could be cut, and the money going to what is colloquially described as the baby bond scheme—on which the Chancellor enlarged today—would be much better spent on early-years education now than on a bond in the future. In addition, the right hon. Gentleman could decide not to proceed with spending millions and perhaps billions of pounds on an identity card scheme that is unnecessary and unworkable.

The British people want better public services and are willing to pay for them. What they do not understand is how so much can have been spent with so little to show for it. Operations have been cancelled, wards closed, local hospitals threatened and nurses have even been made redundant.

It is clear that trust in fiscal policy must be restored. That could have been achieved by widening the remit of the National Audit Office so that it can provide transparent and independent scrutiny of all Budget assumptions and forecasts. Some progress has been made today in respect of statistics, but that is not enough. The Chancellor has a good record of listening to our advice, rejecting it, and then accepting it. Perhaps, on this occasion, we will once again prevail.

I welcome what the Chancellor said about housing and the shared equity fund. The question is whether any of that represents new money. We have to address the issue of those who simply cannot afford to make the contribution that is necessary to participate in a shared equity purchase of a house.

I declare a retrospective interest in the Chancellor's provisions for the Olympic games. It is essential that those games are a success for London and the whole of the United Kingdom. He will have universal support for what he announced in that regard. However, it is not true to say, as has been rumoured, that my hon. Friend the Member for Falmouth and Camborne (Julia Goldsworthy) is already positioning herself to make a bid for the British team.

One issue that the Chancellor said nothing at all about was that of personal debt. Consumer debt is now approaching £1.2 trillion—practically identical to the gross domestic product of the United Kingdom as a whole. Of course, consumer debt has underpinned the economic boom, but the legacy for many families will be disaster. Nearly a fifth of all income is being used to service debt. That means that it is back to the level that it was at when the economy crashed under the Conservatives in the early 1990s. The immediate signs of that stress are clear: rising bankruptcies and rising repossessions.

The other side of that is the poor recent record of private business investment. Under its current leadership, the CBI has been a great deal more supportive of the Government than in previous years, but I suspect that it will react to this Budget more in sadness than in anger—sadness at the way in which regulation and tax complexity are squeezing British business. The Budget does nothing to deal with that. Enlightened British companies understand the need to pay taxes for investment in education and infrastructure; what they do not understand is why those taxes do not deliver the goods.

The Budget failed to deal with the most glaring issue before us today: the crisis in pensions. Last week we learned—the Leader of the Opposition already referred to this—that the Government would not follow the ombudsman's recommendations and compensate those who were foolish enough to believe in Government information. The ombudsman said that the Government had provided information that was

"inaccurate, incomplete, unclear and inconsistent"—

if I may jog the Chancellor's memory. If an independent report had made a similar judgment about the actions of the Tory Government when the Chancellor was in opposition, his wrath would have been wondrous to behold.

We know that there is a broad consensus of agreement around the recent report by Adair Turner and that there is an existing blueprint for pensions reform that is available and capable of implementation. It seems that it is only the Treasury that stands in the way. Of course, chairmen of commissions cannot expect automatic acceptance, but Adair Turner is entitled to a real sense of grievance. The problem of pensions is set to get worse as the demographic balance of this country changes.

The Budget was an opportunity. In a period of relative stability, with low inflation and stable employment, the Chancellor had an opportunity to show his worth. He could have tackled the unfair tax system; he could have made the environment a priority; he could have faced up to the pensions crisis; and he could have addressed the problem of personal debt. He has declined to do any of those things. This a legacy from which it will be difficult for him to escape. *[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. Will Members who are leaving the Chamber please do so as quickly and quietly as possible?

1.53 pm

Mr. John McFall (West Dunbartonshire) (Lab/Co-op): It is a pleasure to contribute to the debate. I congratulate the Chancellor on his 10th Budget. He spoke for about 60 minutes and enlightened us. Sadly, the Leader of the Opposition spoke for eight minutes, so he has an awful long way to go to give us an insight into what the Conservative party's thinking is on the economy. It must be the shortest speech on record. I think that that is rather disgraceful and a discourtesy to the House.

In 1997, *The Times* described the Chancellor's first Budget as a

"common sense budget that deserves support".

We can echo that today, 10 years later. I note that he broke with tradition then. He held his Budget on a Wednesday and eschewed the traditional right of a Chancellor to drink Scotch whisky when he presented it. Instead, he favoured Scottish mineral water. I congratulate him, though, on being consistent on Scotch whisky and having a freeze on duty for all these years. That is good news for constituents in my area, where we have whisky plants. I also note that the FTSE 100 was 4,751 on the day of the Chancellor's first Budget and is now 5,985. That underlines a decade of economic prosperity and stability.

[Mr. John McFall]

I also note that the Chancellor described 2005 as being the toughest year of his chancellorship, with the virtual doubling of oil and commodity prices, as well as a slow-down in the UK's main export market, which is Europe, and the country having to adjust to a more sustainable house price growth in the UK housing sector.

Mr. Charles Walker (Broxbourne) (Con): Is the right hon. Gentleman aware that since 1997, our stock market has been one of the worst performing stock markets of any major industrialised nation in the western world? Does he think that the Chancellor should take some responsibility for that?

Mr. McFall: Only in the past week or two, I had the opportunity to have meetings with people from the London stock exchange and such comments never passed their lips. In fact, they said that they are on a high, that equities are good and that they are looking forward to keeping themselves independent and not having NASDAQ or Macquarie coming in. The vibrations from the City are very good. I suggest that the hon. Gentleman follows my example, goes to the City, speaks to people and gets an understanding of what the City is about.

Mr. Ian Austin (Dudley, North) (Lab): In addition to the Leader of the Opposition's speech being the shortest that any of us can remember, does my right hon. Friend agree that it was also the most feeble, because it failed at any point to respond to any of the measures that the Chancellor had outlined?

Mr. McFall: I would not want to be discourteous to the right hon. Member for Witney (Mr. Cameron), but what I can say is that I was left bemused about the future direction of the Conservative party on economic policy. We all found that. It is about time that the Conservatives came up to the plate and explained to us what their actual policies are. As one politician said in American, where is the meat? That is what we are looking for.

I welcome the investment in education that the Chancellor announced today. I did not hear about this from the official Opposition, but the fact that we have an ambition to match spending in public schools with that in private schools must be a good thing. I hope that they go back and, in their clubs and social events, mention that the country has made a great innovative move. There are other people in society who will benefit from their education in the same way as they have done. I can only commend that move by the Chancellor.

I also commend the extra investment in science and infrastructure. I speak as a former science teacher and I know that, as someone from a science and engineering background, I am in a minority in the House. If we are to tackle the competitive issues that face the country, which the Chancellor has outlined, we need to ensure that we increase the number of science and engineering graduates in this country. We should be mindful of the fact that the Chancellor said that China is producing 4 million graduates.

Mr. Brooks Newmark (Braintree) (Con): I would be interested to know what the right hon. Gentleman feels about the Government not supporting Sussex university, which is to close its five-star chemistry department.

Mr. McFall: It is a matter for universities to decide what they do and on what particular issues they focus. What I would be concerned about is if the country as a whole—UK plc—was not facing up to and addressing the national shortage of science and engineering graduates. We must focus on the big picture.

As well as the science infrastructure, I welcome the investment in the Olympics, as the right hon. and learned Member for North-East Fife (Sir Menzies Campbell) mentioned. It is important to give our young people opportunities and ambitions. That investment, as well as the investment in child tax credits and child trust funds, can only be well used. Inculcating the savings habit in young people is increasingly important, and ensuring that those on lower incomes enjoy being involved in the savings environment is also extremely important.

Mr. Graham Stuart (Beverley and Holderness) (Con): Does the right hon. Gentleman agree that as the Chancellor of the Exchequer inherited the strongest economy in Europe, he should have been in a position to deliver the first target for the reduction in child poverty by 2004–05? Does he join me in decrying the fact that hundreds of thousands of children remain in poverty when the Government had the means and stated the aim of doing away with it?

Mr. McFall: I am aware that in 1997 the Labour Government inherited an unemployment rate of 3 million. Since 1997, we have produced 2 million jobs, and that is the best antidote to poverty. I speak as an ex-school teacher, as I mentioned earlier, and one of the sad features of life when I was teaching in the 1970s and 1980s was meeting young people five or 10 years after they had left school who had yet to get a job. If people do not have a job, they are not fulfilled and they do not contribute to society—it is a spiral of decline. It is important to provide jobs, and I commend the Government on those extra 2 million jobs.

This was the first Government with the stated aim of reducing child poverty. The Chancellor mentioned the 700,000 who had been lifted out of poverty, and that can only be a good thing. Is there a bigger hill to climb? Of course there is, and I would like to think that we could all tackle it together.

Mr. Andrew Smith (Oxford, East) (Lab): Would not comments from the Opposition about child poverty have greater credibility if they would make the pledge to eradicate child poverty in a generation and match our commitment to help the poorest families out of poverty? Is not the reason they do not do that because under their third fiscal rule they would not make the spending available to conquer poverty?

Mr. McFall: I agree that if we could achieve our aims and ambitions on a consensual basis it would be good. The Leader of the Opposition has still to flesh out his economic policy, and that is one suggestion that he could take on board.

Ed Balls (Normanton) (Lab): Perhaps we should be more understanding of the Leader of the Opposition's position. He has asked the right hon. Member for Wokingham (Mr. Redwood) to discover his economic

policies for him over the next two years. Until the right hon. Gentleman has come up with the plan, it will be hard for the Leader of the Opposition to respond to any Budget. However, the third fiscal rule will make it very hard for the Conservatives to match our pledge on education spending. If they intend to cut spending as a percentage of GDP, it will result in lower spending on science and education.

Mr. McFall: I look forward to the recommendations that the right hon. Member for Wokingham (Mr. Redwood) produces, because to use skiing terminology, he is exciting and he goes off piste a lot. I am sure that we may look forward to some innovative suggestions in the future.

The Treasury Committee is considering savings issues at present and recently examined the issue of tax credits. Tax credits are a good scheme, but they must be delivered in practice. My right hon. Friend the Member for Birkenhead (Mr. Field) gave evidence to the Committee and I know that my right hon. Friend the Paymaster General has read the transcript, but it is worth underlining what he said. I suggest that trying to modify the tax credit system runs the danger of it starting to perform like the Child Support Agency. The choice is between a flexible system or a fixed award. As my right hon. Friend the Member for Birkenhead pointed out, if we change to the fixed award, Members of Parliament will be inundated with complaints about the unfairness of a scheme that does not quickly take into account changed circumstances. I suggest that my right hon. Friend the Paymaster General stays the course.

The Committee visited Preston to examine the IT in the tax credit office. From our experience and that of our constituents, we know that not all the information is on the computers when they telephone that office. The IT system is in much need of repair, so I hope that my right hon. Friend takes up the comments made by the Committee on that point.

The Committee is also holding a short inquiry on the Turner report and the pension recommendations. It will be short because we want to be able to publish our report before the White Paper is produced. Our focus will be on the design of the national pension savings scheme and the role of financial services regulation.

Sir Nicholas Winterton (Macclesfield) (Con): I am delighted that the right hon. Gentleman has raised, openly and transparently, the matter of pensions. Would he comment on the tens of thousands of people in occupational pension schemes who have lost their pensions, especially since the Chancellor took more than £5 billion a year from them, from his first Budget onwards, by the changes to advance corporation tax? Does the right hon. Gentleman think that it would have been a good investment, among the Chancellor's largesse today, to allow those people to benefit from the findings of the parliamentary ombudsman, Mrs. Abraham, in their favour, due to maladministration by the Government?

Mr. McFall: The hon. Gentleman has conflated two issues. On the first issue, I believe that some 85,000 workers are involved, including some of my constituency. One can have nothing but real sorrow for their plight. However, when it comes to macro-economic issues and Government commitments on public expenditure, it is evident that neither the Government nor the Opposition are willing to make a proposal. My right hon. Friend the Prime Minister asked last week whether the taxpayer should pick up the bill for those schemes. I accept that point, but I hope that discussions will continue because it was only yesterday that many of those affected came to lobby us on that issue.

Jo Swinson (East Dunbartonshire) (LD): Does the right hon. Gentleman share my disappointment that pensioner poverty was largely ignored in the Budget? In particular, the opportunity was lost to introduce a decent state pension for all pensioners. Many of those eligible do not claim the means-tested pension credit, so should not the proposals by Adair Turner be implemented instead?

Mr. McFall: The hon. Lady and I share a constituency boundary: she represents East Dunbartonshire and I represent West Dunbartonshire—

Rob Marris (Wolverhampton, South-West) (Lab): West is best.

Mr. McFall: That may be so, but the hon. Lady's constituency is more affluent than mine. Irrespective of where I go in my constituency, including social clubs for pensioners, people are grateful for the pension credit that the Government have introduced. There is now much more money in pensioners' pockets. If the hon. Lady is suggesting that there is a case for examining the position in the medium and long term, I agree, but a short-term solution has been found to pensioner poverty. We may have to embrace the medium and long-term issues in the pension report.

Julia Goldsworthy (Falmouth and Camborne) (LD): Does the right hon. Gentleman agree that 1.7 million pensioners who are entitled to pension credit do not receive it and that that is a scandal that needs urgent attention?

Mr. McFall: I recommend that the hon. Lady does what I and several other hon. Members have done. In conjunction with the Pension Service, we have held meetings in our constituencies to encourage people to apply for the pension credit. The Department for Work and Pensions has been very helpful to me and other hon. Members in organising such open days.

The Turner commission report raised two or three other important issues, including industry regulation. We know that the industry's commission-based model has produced inherent conflicts of interest that successive Governments have used regulation to manage. The mis-selling scandals led to tighter regulation, which, while protecting some consumers, has increased distribution costs and made it uneconomic for the long-term savings industry to service consumers on below-average incomes. Embracing the needs of lower-income consumers is one of the issues with which Turner, the Government and others will have to grapple. As Turner pointed out,

"it is very difficult for the financial services industry to sell pensions to people of average earnings and below, working for small and medium size companies, or even to sell pension schemes

[Mr. McFall]

to their employers, at annual management charges sufficiently high enough for them to make a profit but sufficiently low enough to represent good value for money for the person saving".

That highlights the need for two solutions: first, the Government need to make the pension system simpler, to reduce the cost of regulated advice; and secondly, the industry needs to develop and encourage the take-up of simple, low-cost stakeholder products for that larger market.

The Financial Services Authority has a role in that regard. It did not go as far as it could on simpler regulation for stakeholder products—we have to get regulation right before we start considering the management costs, which must be low. Turner recommended 0.3 per cent. and at the weekend Aviva became the first insurance company to propose a figure, which was 0.6 per cent. However, we should be striving to reach Turner's figure.

The fiscal policy framework has stood the test of time. The Chancellor mentioned that the golden rule had been met, but the Treasury Committee and the International Monetary Fund consider that current fiscal rules may need strengthening towards the end of an economic cycle, to reinforce the credibility of the framework. The Committee will reconsider that issue over the next few months.

Some of the challenges to the framework will come in the form of the spending pressures to which the Government will have to respond in the 2007 comprehensive spending review. Their capacity to do so successfully will be enhanced if their preparations are transparent and Members and Select Committees can both examine and contribute to the process, so I welcome the announcement about independence for the Office for National Statistics. I received a letter about the proposals from my hon. Friend the Financial Secretary to the Treasury, which stated that the Government are

"entrenching independence in legislation ... introducing direct reporting and accountability to Parliament, rather than through Ministers".

So I presume that it will be through the Treasury Committee. The letter noted that the Government were

"placing a statutory responsibility on a new independent governing board to assess and approve all National Statistics against the code of practice, also backed by statute"

and

"making key appointments to the board through open and fair competition".

As the Minister knows, an open and fair appointments system is important. Next year will be the 10th anniversary of the establishment of the Monetary Policy Committee, which may be a good time look at openness and transparency in appointments to such bodies. Given our experience of the work of the MPC over the past 10 years, I want Ministers to anticipate issues and problems, so that if they come up in Parliament the appointments system can be seen to be open and fair.

It is important that statistics services are seen to be independent. In February, a MORI survey of public opinion on statistics for the Statistics Commission found that there was

"little consensus on whether the statistical service is subject to undue influence from the Government. Many, in particular those with a connection to Parliament, are confident that the statistical service operates independently and with integrity".

I am sure that we would find that view in the House—but it is not the House that matters, it is the outside world. The survey continued:

"However, for those outside the 'Westminster sphere of influence', there is far more scepticism as to whether this is actually the case. While most still regard the ONS as an authoritative, trusted source of information, there are doubts over the validity of figures produced by individual Government departments."

As the Finance Bill goes through the House, it is important that Ministers take account of that point, which will also be of interest to Members in Committee.

The Chancellor was correct to stress the measures we need to adopt to enhance the UK's global competitiveness. That is welcome, not least for women. The women and work commission produced a report in February, "Shaping a Fairer Future", which set out 40 practical recommendations to tackle job segregation and the gender pay gap, which still exists despite 30 years of equal pay legislation. The only way that we will respond to global challenges on competitiveness is to ensure that we upgrade our skills, so I welcome the continuation of the new deal and the upgrading of skills, especially for women in low-paid employment.

The Treasury Committee has been seized by what globalisation will mean for the UK. We have undertaken an inquiry into globalisation, to which both the Governor of the Bank of England and the Chancellor have agreed to give evidence. Part of our inquiry will look at the role of the IMF. The Chancellor and the Governor—in a speech a month or so back—have both focused on the IMF, about which there are a number of fundamental questions.

What is the fund for? Do we need an IMF? Is there a role for a multilateral monetary system and, if so, what is it? In 1946, the international monetary system was built around fixed exchange rates and controls on capital investment, and each country met its international responsibilities by running a balanced current account. That is a world away from the situation faced by financial services in the 21st century. The IMF is increasingly seen as the lender of last resort, and until the repayment of loans by Argentina and Brazil, 70 per cent. of its outstanding loans were to only three countries. The IMF lending book is the lowest that it has ever been, and we can be sure that the Asian economies, including Japan, having built up their foreign exchange reserves, will not be coming back to the IMF. They were scarred by the experience of the 1990s.

The IMF has a number of tasks, especially at a time of such massive global imbalances. It should be a forum for transparent discussion of the way forward with national Governments about risks to the world economy. Recently, the Treasury Committee visited the United States where we had the opportunity to talk to a wide number of people. One issue relating to economic risk is trade protectionism, and the possibility of its being translated into policy change in the US should not be dismissed. It is a risk and a Bill proposing further protectionism is currently before Congress. However, it is important that we emphasise to our US colleagues that protectionism will not get us anywhere.

There is also a risk of sharp adjustments in US current accounts spilling over to sharp adjustments in assets, markets and energy prices. The high and volatile energy market remains a concern in a globalised world where new alliances are being formed in the global economy.

A new world order has been established, as people have indicated, and the US economic hegemony is being challenged by the rise of the new economic superpowers, so an understanding of global economic development no longer needs to begin in Washington—hence the Treasury Committee in its inquiry has already visited China and, in June, hopes to visit India, which has been labelled the new China. I will not go over all the statistics on China—most hon. Members are familiar with them—but the UK needs policy responses to them.

The Government have indicated that they have a UK-China task force and have identified five key issues, with which I agree—energy, financial services, water, health care and information and communications technology—but I suggest to Ministers that we should also take on board both education and legal services. On a visit to Hong Kong in September, at the invitation of the Hong Kong Government, it was obvious that there are opportunities in education and legal services, and Hong Kong is a good base for us to be involved in that exercise.

We have globalisation at a time of threats in the US and in Europe. We saw the almost xenophobic response by people in France and Belgium to the possible takeover of the steelmaker Arcelor by Mr. Mittal. We saw the US reaction to the P&O takeover by Dubai Ports World. Only in the past couple of weeks, we have seen the locking out of an Italian energy company by the French, who designated 11 sensitive sectors that must be safeguarded against foreign bids.

We must avoid a perilous collision between nationalism and globalisation. Therefore, it is very important to have a cross-party view on the issue so that we can respond to the long-term challenges, which have a habit of coming sooner than we expect. The Chancellor is right to focus on those long-term challenges, but we also have short-term challenges, on which the Treasury Committee will, no doubt, examine the Chancellor. Over two and half hours, all of us who serve on the Committee will have an opportunity to pinpoint those issues.

Sir Nicholas Winterton: The right hon. Gentleman is the Chairman of a very important Select Committee and he has just referred to international business takeovers. Does he think that the people and Governments of countries must take a view on globalisation and decide whether every takeover will be beneficial? Does he agree that they should consider not only the long-term survival of the company in question, but the impact on employment in the communities where the companies are being taken over and the benefits or disbenefits that the takeover might bring to those localities and countries? That is not just nationalism, it is good sense.

Mr. McFall: I agree with the hon. Gentleman. At the end of the day, globalisation has been a good thing. For example, consumers have found that electrical goods and clothing have been cheaper as a result. US consumers have been able to spend because China and other Asian countries are holding the dollar as their foreign exchange reserves. There are good aspects to globalisation, but there are drawbacks as well. Increasingly over the years, some of our communities will be affected by them.

Do we have a policy response to the trends that will take place in the future? It is important to have such a debate now. The Treasury Committee is looking at the issue now and we share our information with the House. There is no doubt that a number of us will experience the local effect of the downsides of globalisation, but I am sure that we can debate that as time goes on and consider those issues with a common view, so that we find both an understanding of what is happening in the world and an appropriate policy response for our country, which will help both its competitiveness and prosperity in the future.

2.24 pm

Mr. John Redwood (Wokingham) (Con): I have declared my interests in the Register of Members' Interests, and I should like to remind the House that I am a director of companies in both services and manufacturing and I am a director of a pension trustee company of one of those companies.

It is a great pity that the Chancellor of the Exchequer presents his case in such a selective way. I certainly welcome in his remarks today the proposition that we should have a independent eye cast over how the figures are compiled, and I hope that that independent eye will also be able to give advice to the Chancellor, which we can know about, on how the figures should be presented on big occasions such as this. It makes for a much better debate if we have an honest and full account of what is going on in the economy. For our part, we can accept that not everything is bad, but we would like the Chancellor to agree that not everything is good.

It is extremely good that we are debating the economy yet again against the background of continuous months, quarters and years of output growth, since we righted the economy after the bad mistake of the exchange rate mechanism—a policy recommended by Labour to the then Conservative Government, but a policy that Labour seems to have forgotten that it was part father and mother to. Since we came out of that most unfortunate experiment and since the Conservative Government put in place the foundations of fiscal discipline and greater productivity growth, the economy has grown extremely well. The continuous growth under Governments of both parties is extremely welcome.

If we look at the Chancellor's views on growth, we must accept—I trust that Labour Members will accept—that we are reviewing a disappointing year. In 2005, the Chancellor tells us that output growth was down to only 1.75 per cent., compared with, as he helpfully tells us, real GDP growth that averages 2.5 per cent. in the major seven countries and 4.5 per cent. in the world overall. So that shows Britain growing not only at under half the world average rate, but at considerably below the growth rate of large, advanced countries.

If we turn to the Chancellor's forecasts, we see that he thinks that the economy will grow by between 2 and 2.5 per cent. this year. If we are charitable and say that he thinks that it will grow at 2.25 per cent.—I fear that he thinks that it will grow at 2 per cent.—that compares again with what he thinks will be a rather better performance by the major seven countries, with growth at an average of 2.5 per cent., and an overall world performance of 4.5 per cent. yet again.

The first question that we need to ask in reviewing the Budget measures is whether the Chancellor is now planning to put in place measures that are sufficient to get Britain at least up to the average growth rate of the

[Mr. John Redwood]

major countries in the world, or even better, to get us above the average of the major countries of the world, because we have clearly slipped some way below them in recent months and recent quarters.

The Chancellor also gives us the latest projections on his borrowing. The Leader of the Opposition, my right hon. Friend the Member for Witney (Mr. Cameron) gave a superb response to the Budget, and its brevity was matched by its brilliance. There is no need for the Leader of the Opposition to give a very long speech if he has gone to the trouble of preparing an excellent short speech that makes all the crucial points. One of the crucial points on which my right hon. Friend immediately homed in, although he did not have very long to read the documents, was the way in which the Chancellor intends to borrow so much money over the review period set out in the Budget forecast that we have just received.

My right hon. Friend said that the Chancellor plans to borrow £175 billion, on the published figures, through the public sector accounts over that period. Like my right hon. Friend, I think that that is very dangerous. If we are going to live through a period of reasonable growth, surely that is exactly the point in the cycle where we should cut public borrowing rather more sharply than the Chancellor forecasts, preferably by the growth in revenues from faster economic growth, but also from pursuing the initiatives that the Chancellor always promises that he is taking to gain greater efficiency in the public services and public sector and to cut the public overheads.

The Chancellor suggests instead very slow progress indeed: £37 billion of borrowing in the year just finishing; £36 billion of borrowing in the year about to start; and another £30 billion of borrowing in 2007–08. If only that were the end of it, I suppose that it would meet the wishes of the Labour party, but of course that is not the end of it because we know that there will be an awful lot of off-balance-sheet borrowing, too. There is no reference in the stock of debt figures to the £20-odd billion of borrowings and guaranteed moneys that have already been pushed the way of the effectively renationalised railway company. Strange accounting procedures are followed for all the private finance initiative and public-private partnership projects in which the Government have indulged on a grand scale.

Justine Greening (Putney) (Con): Does my right hon. Friend agree that many British taxpayers will get a nasty shock over the coming years when they find that they suddenly have to start paying for hospitals that they thought that their new and extra taxes had already paid for?

Mr. Redwood: My hon. Friend makes an excellent point.

From rough mental arithmetic, the published figure of £175 billion represents about £3,000 for every man, woman and child in the country. The Chancellor is thus asking every one of us to sign up to an additional £3,000 mortgage. On top of that, there will be additional mortgages for PFI, PPP and off-balance-sheet items, including the railways, which will probably be another £1,000 or £2,000. There will thus be a substantial increase in the national mortgage per head on top of the billions that the Chancellor has already borrowed and accounted for and those for which he has not accounted. Given that there is already quite a lot of debt in the private sector, the Chancellor should be more careful when building up public debt. After all, public debt is tax deferred; we or our children have to repay all that money with interest.

Mr. Newmark: I would be interested to hear my right hon. Friend's comments about the fact that up to £800 billion might be held off balance sheet. Should not the Chancellor be far more transparent in his accounts? Is that not the issue with which we should be dealing?

Mr. Redwood: My hon. Friend is right to extend my argument even further. He is pointing out that we should account properly for not only borrowings that are guaranteed but not in the documents, such as the railway borrowings, and the contingent liabilities of all the PPP and PFI projects, but the massive contingent liabilities in the pensions area throughout the public sector.

I will accelerate my argument because of my hon. Friend's question, although I was going to refer to this matter later. The Government have just said to all private businesses that they must not only have recent calculations of the deficits in their pension funds, but write those deficits on to their company's balance sheets. I understand the logic of that, and FRS 17 is the standard under the Government's requirements. My plea is not that the rule is changed for companies, but that the same rule is applied to the Government. It is obvious that the Government have a massive deficit on the pension account because they—Governments of all parties have done this over the years—have built up huge liabilities, but not provided any assets on the other side of the account to pay for them. We need honest public accounts that match the clarity and honesty of private sector company accounts to show us the contingent liabilities of all the pension funds.

The Government may well counter my point by saying that one can deduce, by reading carefully the Red Book and other sources, the annual payments under the PFI and PPP contracts. However, that is not sufficient because it is a flow—an income statement—for each year. We need to know the contingent liability, which is how many times the income must be paid to get rid of the contract, or how much would have to be paid to rescue the contract if the company went bust or the contract went wrong. It is how much would need to be paid to reinstate the service if there was a breakdown. We need an accurate figure for that kind of contingency.

We know that sadly such contracts go wrong from time to time. We can expect new Governments to be elected who would like to change the arrangements, but there would be a substantial price for doing so. For example, it might prove penal to get out of the London tube contract because it is very bad. We need on the face of Government accounts a clear statement of what the contingent liability costs of all the private arrangements would be, in addition to the guaranteed borrowings and the pension liabilities.

My concluding point on debt is simple and echoes the comments of my right hon. Friend. We are borrowing too much as a nation both through the public accounts

and outside the public accounts under Government initiative and with Government encouragement. As a period of moderate to reasonable growth of the economy is forecast, we ought to rein back that debt more quickly.

Rob Marris: I think that the right hon. Gentleman has been drawing on the information in table 2.4 on page 31 of the Red Book. If he looks at the back of the Red Book, he will see a table on previous borrowings. The Conservatives were in office between 1979 and 1997, and during 11 of those 18 years, the percentage of GDP that borrowing represented was considerably higher than it has been in any year under this Government since 1997. I think that I am right in saying that in all those 11 years, borrowing was well over 40 per cent. of GDP. Does the right hon. Gentleman decry the past of his party, during some of which time he was in government.

Mr. Redwood: I have already said that an economic mistake was made during the Conservative years. The mistake was backed and encouraged by the Labour party, but I never supported it. Yes, we borrowed more than we would have liked because of that mistake. The hon. Gentleman makes a party political point while I am trying to give a sensible analysis of the true position, so I would say that quite a lot of that debt was incurred to clear up the mess that Labour left behind in 1979, when we inherited a grossly over-borrowed and overtaxed country. Of course, the borrowing was especially high because Labour did not want to confess just how much it had to put up taxes to pay for the spending on its accounts.

Mr. Newmark: Perhaps I can help my right hon. Friend in answering the question raised by the hon. Member for Wolverhampton, South-West (Rob Marris). The problem goes back to the point about transparency that I made earlier. If one adds together the money that is off balance sheet and the amount that is on balance sheet, it comes to roughly £1.3 trillion, which is 105 per cent. of GDP, not 35 per cent.

Mr. Redwood: Once again my hon. Friend makes his point extremely powerfully. I note that the amount has gone up by several hundred billions while he has been sitting next to me. I have seen the figure of £1.3 trillion in public commentaries and the press. It must be right if it has appeared in the newspapers, must it not? Although I have not done the calculations myself, the figure feels about right. We can leave the House with the clear understanding that there is £1 trillion or so of liabilities, many of which are not stated in the figures. Such liabilities are serious for all taxpayers and our children, so a more honest recognition of the situation would be helpful.

I will make a final comment on the fiscal balances in table 2.4. It is a great pity that we do not have an honest account from the Chancellor of exactly what the cycle is. It is also a great pity that he does not stick to the same cycle each time he presents his figures because that would give far more cogency.

Chris Huhne (Eastleigh) (LD): I want to be sure that I have not misheard the right hon. Gentleman. Did he say that he thought that there was £1 trillion of off-balance-sheet liabilities?

Mr. Redwood: I am saying that there are about £1 trillion of liabilities, which are mainly pension liabilities. The hon. Gentleman should realise how expensive many public sector pensions will be and that practically all of them are without a fund. Fortunately, the House of Commons is not in that category because we have a properly funded scheme to which Members contribute and local government is also not in that position, although there are some deficits in local government schemes. However, there is nothing but deficits when it comes to all the unfunded schemes, and there should be a recognition of that in the accounts.

Mr. Newmark: Just to be accurate, I believe that approximately £436 billion is on balance sheet and about another £150 billion is off balance sheet, which is where we get the figure of £1.3 trillion from— [HON. MEMBERS: "What?"]

Mr. Redwood *rose—*

Mr. Newmark: Not £450 billion; £850 billion.

Madam Deputy Speaker: Order. Despite the enthusiasm of the hon. Member for Braintree (Mr. Newmark), the right hon. Member for Wokingham (Mr. Redwood) has the floor.

Mr. Redwood: I am grateful to you, Madam Deputy Speaker, for your usual courtesy.

The hon. Member for Eastleigh (Chris Huhne) should do some more homework. I know that he has been busy losing the leadership of his party, but he should do a little bit of reading. If he reads the figures in the Red Book on the amount of outstanding national borrowing and adds to that the pension deficits of the funded public sector schemes, the PFI and PPP contingent liabilities, the debt that has not gone through the books that should have done so, and the very large figure for unfunded pension liabilities, he would not have change out of £1 trillion. It is a good round figure that should help to inform the debate. I will leave it at £1 trillion because I have not myself done the calculation down to the second decimal point. However, I have looked at the general arguments and I am satisfied that that is the order of magnitude to which the Chancellor needs to face up.

That brings me to box 2.5—a fascinating little aside in the Chancellor's rambles through the state of the British economy—with the catchy title "Low yields and the Government bond market". Normally, one's eyes would glaze over and one would pass hurriedly on, because it is usually a subject for anoraks only and I do not regard myself as being in that category. [HON. MEMBERS: "Oh!"] I know that I have been regarded as an interesting skier off-piste, which I found fascinating as I have never taken to the slopes on the continent of Europe in that way.

However, I am interested in that box, and the House should be interested in it, too, because there is a serious danger that we are living through unnatural times in the bond market. Those unnatural times are already having a dramatic impact on the real economy, and they could have an even more dramatic and adverse impact on the real economy if the problem is not handled well.

[Mr. Redwood]

The problem began when the Chancellor, encouraged by the Prime Minister no doubt, thought that he had discovered that elixir of Labour Chancellors—a stealth tax that would raise a huge amount of money which would do no damage and which no one minded. He introduced a tax on the dividend income of British shares held through pension funds and other charitable funds. He has never published an accurate figure for how much that takes.

Chris Huhne: It is £5 billion.

Mr. Redwood: The general £5 billion-a-year figure is in common circulation. It started at rather less than that, to be fair to the Chancellor, but it is probably now more. It is growing. Let us take it at £5 billion, however, because he will not give us the accurate figure. He would, I am sure, concede that it is a large sum.

If we take £5 billion a year out of pension funds for, say, 10 years of the policy, before Labour loses power, that is £50 billion out of pension funds. That is £50 billion that has not been invested, so perhaps another £20 billion would have been made on that from investment gain in income if it had been available to reinvest. We should then factor in the obvious point, which I made at the time, that the change was bound to hit share values—share prices valued as a stream of income from a company—and that if we tax that stream of income more heavily, it is worthless. I did a back-of-the-envelope calculation when the Chancellor proposed the tax and said that with the market valuing income at 20 times its rate, as it did at the time, the £5 billion off the stream of company income would mean a £100 billion fall in share values. Compared with the fall going on elsewhere in the German, French and American markets at the time, the fall in London was about £100 billion extra for a variety of global as well as national reasons.

Basically, the Chancellor decided to hit the pension funds by about £170 billion over a 10-year period as a result of capital loss income and income reinvested forgone. We now see that the actual deficits may be a bit lower than that, I am pleased to say, because the stock market has started to pick up some of the lost ground that the hit and other factors caused originally, and companies have put a lot of extra money in to try to make good some of the losses caused by the Chancellor. I think that everyone agrees, however, that there is still a serious pension deficit problem.

Chris Huhne: Just so that I can follow the right hon. Gentleman's argument, perhaps he can explain something. It is curious that he should say that there was a fall unique to the UK market given that we do not have capital controls, thanks to a move that I am sure he supported. Surely foreigners would have been buying our shares if they were such tremendous value, and there would not have been such a fall in the UK market.

Mr. Redwood: The main holders of UK shares at the time the change was made were British people and companies, especially their pension funds. There was bound to be a weight of selling to adjust the market value of those shares which exceeded the appetite from abroad. Hon. Members should remember the background. A fall in the world market took place shortly afterwards, so there was not a great appetite for what foreign companies perceived to be higher-risk overseas shares in a foreign currency at the time when adjustments were made in British portfolios to reflect the diminution in share values.

Chris Huhne *indicated dissent.*

Mr. Redwood: I do not think that the hon. Gentleman understands the situation. It is obvious that share prices were going to fall. He does not have to believe me; he merely has to look at what happened. What is the explanation for the additional fall of the London market if it is not the Chancellor's tax policies, taking income out of the hands of companies and savers?

Chris Huhne: Will the right hon. Gentleman give way?

Mr. Redwood: If the hon. Gentleman really wants to be knocked again, then fine.

Chris Huhne: Clearly, there would be some home currency questions, but the idea that it was one for one is simply absurd. There is no support for that in any literature or in what happened.

Mr. Redwood: The facts are clear: the London market fell rather more than other markets. I gave my sum. If the hon. Gentleman has an alternative sum to explain that decline, I look forward to hearing it in his speech if he catches your eye, Madam Deputy Speaker, and if he has done his homework by then, but he has come here not having done any homework and is just hoping to tell his local papers that he is back doing the normal day job.

Justine Greening: I wonder whether one reason for the fall was the growing uncertainty over the Chancellor's performance and the fact that he will change his mind about policies, such as the inclusion of property in self-invested personal pensions. Increased uncertainty about regulation can only harm our economy.

Mr. Redwood: I am reluctant to disagree with my hon. Friend, but I am not sure that that was a factor when we had the major fall in the stock market. I have set out my views. Perhaps she can set out her views in her contribution.

Sir Nicholas Winterton: On pensions, the Government apparently exhort people to save, in particular for their retirement. Does my right hon. Friend, to whose speech I am listening extremely carefully, believe that withdrawing the dividend tax has helped and encouraged people to save for their future, because that is critical?

Mr. Redwood: I was going on to say that it clearly did not. In fact, it did the opposite. As a result of that, a large number of companies—well intentioned towards their work force—have said, "We can't afford this any more, so we are going to close our funds." In some tragic cases, as we heard recently in the House, funds have folded altogether because a company has gone bust or is unable to make the contribution, and the funds do not

have sufficient money to meet the requirements. A new generation of people who are going into work or are in junior positions in industry or commerce no longer have access to a final salary scheme. They are probably saving proportionately less, with the help of their employers, than under the old regime.

Worse still, the regulators and actuaries now say that because those funds are very mature, they should be invested not in equities, but in bonds. They have triggered either a mass exodus out of shares into bonds, or they have persuaded or required funds to buy only bonds and not shares. We now have a huge build-up in bond commitments and a run-down in equity commitments. That has had two unforeseen consequences—I think that they must have been unforeseen; I should not think that the Government wanted them.

The first unforeseen consequence is that corporate Britain is up for sale because equities in Britain appear to be relatively lowly rated compared with equities elsewhere. Many great British companies are successfully bid for from overseas because the natural buyers of shares—the pension funds—are not there to take the values up to levels that overseas buyers would find less attractive. We have seen O_2, P&O, BOC and various others companies sold out, for premium, to overseas buyers because the UK equity market is relatively lowly rated—a direct consequence of the tax raid and the pension fund position. I see Labour Members getting uncomfortable. They obviously do not like corporate Britain being bid for, but they have no other explanation.

Alan Simpson (Nottingham, South) (Lab): I am interested in what the right hon. Gentleman says about the balance between equity markets and bond markets. Surely the biggest blow to equities was given by the collapse of the market following the horrendous speculative piece of adventurism, which in 2001–02 saw £250 billion of UK workers' pension funds wiped off because money had been used in a cavalier fashion, pushing share values through the roof, well beyond any realistic price. As a result of that and the unregulated market, which we created, people have lost their pensions and seen the money pilfered by everyone apart from the brokers who made the money out of the transactions.

Mr. Redwood: The figures show that the tax rate was far more important, but I agree that value was destroyed in global capital markets around 2000. The high-tech sector had been bid up to levels that proved unsustainable. That was particularly true of companies that had little turnover and no prospect of a profit. There was a big blow-off in the United States of America, but a lesser one in the UK because the situation had developed less dramatically. A special factor in the UK led to the collapse in share values in telecoms and high-tech areas, and it goes right back to the door of the Treasury: the Chancellor's decision to target telecoms for another of his stealth taxes that would do no damage. If one takes £21 billion-worth of tax in a single go out of the lead sector—[HON. MEMBERS: "It is not tax."] We are now told that money going from companies involuntarily to the Treasury is not a tax. I do not care what Members wish to call it, but it looks like a tax and it feels like a tax.

Rob Marris: The right hon. Gentleman has just made an extraordinary statement. He used the adverb "involuntarily". The transactions to which he referred were not involuntary; they were bids in a free market by telecoms companies. In retrospect, most people would agree that they over-bid, but they made the bids. It was not a mandatory tax; it was an optional purchase.

Mr. Redwood: It was effectively a mandatory purchase. The companies were bidding for monopoly licences and rights to the airways, and if they had not done so they could not have stayed in that kind of business. Of course they had to pay. If one offers fewer licences than there are companies wishing to buy, one will raise a very large sum. Indeed, I pay full tribute to the Chancellor and his advisers for optimising the take for the taxpayer by the brilliance of the auction that they worked out. It just happened to do enormous damage to our lead sector, and therefore to share prices in companies such as BT and Vodafone, which happened to be the leading investments for pension funds at the time. The hon. Member for Nottingham, South (Alan Simpson) is right that pensioners and future pensioners suffered badly from that, but the Chancellor once again played a prominent role, causing that problem.

We have undervalued companies that are now being subject to aggressive overseas bids, often when we do not have reciprocal rights in overseas markets, and bonds valued on tiny yields, which in turn increase pension fund deficits. That has created a virtuous circle for the Chancellor—take more money out of funds, damage the funds, get them to buy bonds, take the price of bonds up so that the Chancellor can pay for his borrowing more cheaply—and a vicious circle for pensions: get them to buy more bonds, value the bonds pessimistically, increase the deficits, demand they put more money in and pay more bonds. It is not a healthy situation.

I was very pleased to see the well known commentator, Anatole Kaletsky, this week at last putting that into the newspapers, explaining that the regulatory system could be creating a future large-scale crisis in pension funding. Therefore, my serious message to those on the Treasury Bench is: please look at the bonds spiral and the role of the regulators, and see whether there is a way of avoiding a future funding crisis. What if at some future date people decide that bonds are overvalued and yields go from, say, 4 to 5 per cent., which is not an impossible scenario? That would wipe out a quarter of the total value of pension funds. Is it true to say, at those levels, that bonds are risk-free, a safe investment and the right way to match future liabilities, given that the bond has a fixed income and liabilities have a rising price?

Mr. Graham Stuart: Does my right hon. Friend agree that at the end of that series of complex financial transactions, there is a human cost—compounding damage to those who put money aside for security in old age? There may be sniggering on the Labour Benches but there is a clear, logical link between the tax on pensions and the impact on companies and the drive on to bonds. That is why people are no longer saving for their old age and there is the horrifying prospect, about which Labour Members seem to be happy, of 70 per cent. of people in this country being dependent on means-tested benefits by 2050.

Mr. Redwood: My hon. Friend makes an extremely good and different powerful point, with which I entirely agree. It is a great worry. The lack of a proper savings culture, which has probably been influenced by all the uncertainty and damage to pension saving, is certainly not helpful.

I hope that those on the Treasury Bench have understood that there is a serious national problem. I put it to them in that spirit; I am not making a party political point. They need to tackle the matter urgently.

John Bercow (Buckingham) (Con): Before my right hon. Friend moves on to his next topic in what is proving to be an extremely interesting disquisition on the state of the British economy, may I invite him to underline in clear terms what is now a worrying apartheid between the public sector and the private sector? He has described what many companies have faced as a result of the perverse and iniquitous taxation policy of the Chancellor. Is it not disturbing that the wealth-creating sector has been so savaged, while the Chancellor has been unduly preoccupied with the creation of new jobs in the public sector, which is the sector for which the wealth-creating sector is obliged to pay?

Mr. Redwood: I quite agree and I shall come briefly to that very issue of public sector efficiency and productivity.

In chapter 3 of the report there are measures to meet the productivity challenge. The main issues seem to be addressed in the Chancellor's mind to the private sector, but if one splits the disappointing figures for productivity growth in the past year or two, one sees immediately that productivity growth in areas such as manufacturing has been pretty good—it has had to be, because it is an extremely competitive global world out there—whereas productivity performance in the public sector has been poor to abysmal. The Government think that the figures are so bad that they have decided to call them in for re-examination and re-presentation. That is how serious it is. The figures are beginning to hit them in the headlines so they will need to be recalculated or suppressed.

On the figures that we have had so far from the Government, it appears that productivity in the health service has been falling by 1 per cent. a year against the background of a massive increase in spending, which the Government rather foolishly call investment. There is a lot of investment going into the health service—that is in capital expenditure and it ought to be increasing productivity, but it does not seem to be working. There has also been a lot of increased spending, but much of it appears to be on unnecessary jobs and activities that are not related to front-line actions. That is one of the reasons why there are not more beds, more operations and more treatments. I hope that the Government will therefore regard productivity as especially a public sector challenge and that they will understand that merely presenting Gershon as a nice idea is not sufficient. They have not only to implement Gershon—we hear of stumbling progress; I think that they are a long way from full progress—but to introduce son of Gershon very quickly.

Justine Greening: Is my right hon. Friend aware that the Department for Work and Pensions, for example, is to spend £500 million on voluntary and involuntary redundancy schemes over the next two to three years? Does he agree that that is clearly an ineffective way of running a Department?

Mr. Redwood: It is horrifying; what a waste of money. The rate of run-off and natural turnover in public sector employment is very high in most such departments. Surely it is possible for the Government to cut staff numbers in administration and unnecessary activities quite rapidly by ensuring that they do not replace staff and that where genuine vacancies occur for real jobs people are transferred from less important posts. It can be extremely good for morale in a department to have a staff freeze, because it creates promotion opportunities for those who remain. It is certainly better for morale in a department to try to run the change and to gain savings by a staff freeze and by transferring people to jobs that really matter than to embark on mass redundancy programmes. It clearly makes a lot more sense for the taxpayer than would spending the money on voluntary or compulsory redundancies.

The Chancellor understands that productivity also needs to be improved through working away on education. It is wonderful to share the Lobby with him in order to try to secure some reforms to our schooling system, which I hope he will want to take considerably further. It is a slight move in the right direction, but I am impatient to go a lot further and faster, and I always think that we are so much better when we are at our boldest. I would like my party to be much bolder on all those things.

Mark Tami (Alyn and Deeside) (Lab): What about selection?

Mr. Redwood: Yes, selection is very important, which is why I support the view of the Leader of the Opposition that we should select on ability as well as aptitude. We should select across disciplines, as specified in our policy, and we should defend our very good grammar schools, of which people are rightly proud. Many hon. Members are here only because they went to very good grammar schools or direct grant schools, as I did. We are grateful for that opportunity, so we do not wish to pull up the ladder on such proposals.

The Economic Secretary to the Treasury (Mr. Ivan Lewis): Tell us more—the hidden agenda on selection is revealed.

Mr. Redwood: The Minister is heckling me, but he clearly has not studied Conservative policy carefully enough. The Leader of the Opposition is keen to preserve all the great grammar schools in this country and in Northern Ireland, as I am. He is keen to introduce sensible selection in our comprehensive system, and effectively to create a grammar school stream at the top of every comprehensive, which is a very good way of raising quality. Indeed, it is the Minister's own policy for certain disciplines, such as modern languages, where he does believe in selection on aptitude, which is another word for ability, as we all know. When I asked the Prime Minister what the difference was between aptitude and ability in modern languages, his answer was notably deficient. I am glad that the Chancellor, in the guise of

the Secretary of State for Education and Skills, said that more needed to be done in further education. He said that we need to take skills education much more seriously, and we may find common ground in trying to achieve such improvements.

The Government could make an important contribution to improving our productivity and efficiency if they sorted out a couple of things for which they have prime responsibility. They have been in power for nine years, but we still lack an energy policy. They play an important role in energy, as they need to send the right signals in their tax and market-influencing policies, and they issue planning permission for new power stations. The Chancellor glided over the matter in his speech and in the document, but it is high time that we had an energy policy. If we wish to develop process industry in this country we need better answers on energy availability and price. In the past few weeks, there has been too much reliance on the spot price, which has gone all over the place because of the imperfections of the continental market.

The Chancellor and the Secretary of State for Trade and Industry have both said that the Government intend to push for proper competition inquiries in Europe to try to free the market so that we can achieve access to a good supply of gas and other power at sensible prices. When will the Government persuade their partners to do so, and when are things going to be open? This is an urgent matter—it is no good saying that it may happen next year.

The Government often play a lead role in transport. We have a 21st-century economy and a very good private sector, but we have a mid-20th-century transport system that is in desperate need of more capacity and modernisation—a word that the Government usually like but which they misinterpret. I hope that they will soon come up with a way of increasing transport capacity on both the road and the rail system, and I hope that it will harness private finance. I am not putting in a bid for extra public spending, as a huge amount of money is available for sensibly worked-out road schemes to expand transport capacity. The bipartisan project for the relief road around Birmingham offers a good model, and we need more of those projects. I hope that the Chancellor accepts that if we are to improve the country's economy and productivity we must tackle those road blocks, which hinder the movement of goods and people.

Finally, I would like to raise the issue of regulation. In his Budget statement and in the supporting papers, the Chancellor talked about the need for better regulation. Indeed, at times, he even talks about the need for deregulation. In the past, I have warmly welcomed his conversion and that of the Prime Minister to the view that we are a greatly over-regulated society. I welcome their conversion to the notion that certain regulations are unnecessary—some of them achieve the opposite of what they set out to achieve and other regulations are simply too expensive, given the aims that they set themselves.

We have heard fine words and speeches, and the first of two promised Bills on deregulation has finally been introduced. It is therefore an enormous disappointment that there are two problems with the Legislative and Regulatory Reform Bill. First, it does not include any provisions on deregulation. With the agreement of all my Conservative colleagues, I have proposed 63 things that we would like to deregulate immediately. Personally, I could cite another 100, and I may persuade my colleagues to back them in due course.

Mr. William Cash (Stone) (Con): Would my right hon. Friend not like deregulation of European legislation as well?

Mr. Redwood: Of course, I would. There are some European items among the 63 in the agreed party programme, as it is impossible to deregulate in Britain without deregulating matters with which Brussels is involved.

The second big problem with the Bill is the inclusion of an offensive group of clauses that gives Ministers the right to legislate without reference to Parliament. The Bill does not even specify that it has a deregulatory purpose. We were invited to accept a Bill that could re-regulate Britain, taking more of our freedoms away without due process. I hope that Ministers accept that that was a gross error and a huge misjudgment. The country desperately needs proper deregulation, and a Bill is proceeding through Parliament that would allow us to achieve that. We would be delighted if the measure were subject to major amendments and surgery. We would be willing to co-operate if the Government dumped the clauses that give them too much power to legislate by the back door and included in the Bill some genuine deregulation.

John Bercow: My right hon. Friend will probably recall as well as I do that the right hon. Member for North Tyneside (Mr. Byers) talked about the case for sunset regulation as long ago as 2000, but little has happened since. Given that more than 99 per cent. of businesses in this country employ fewer than 100 people but account for approximately 50 per cent. of the private sector work force and generate two fifths of national output, does he not agree that it is time that the Government looked at, and learned from, the experience of the United States by studying the Regulatory Flexibility Act 1980 and the Small Business Regulatory Enforcement Fairness Act 1996? If they did so, they could learn a great deal.

Mr. Redwood: My hon. Friend makes an extremely good point, and I agree with him. I would, however, like to go further, as I do not want to deregulate just one sector of trade or commerce, or one size of company. I accept that small companies are badly oppressed by too much regulation, but we could strip out some major regulations for everyone. Earlier this week, the Minister and I debated the regulation of financial services in Committee. I made the point that I agreed with the Government's rhetoric on the system of regulation for the European Union as a whole and the United Kingdom in particular. The Government said that competition was better at regulating than regulators and that greater freedom produced enterprise and flexibility. The Minister said that I did not need to tell him that competition was the best regulator, as the Government understood that intuitively.

I am delighted that we agree about what we wish to do, but the difference between us in our current roles is that the Minister has the power to do something about

[Mr. Redwood]

it, but I do not. Now that we have agreed on the remedy, I urge Ministers who have the power to put it into effect to get on with it. We all know that the country is crying out for less regulation and that far too much regulation comes from Brussels. Treasury Ministers say that they have a unique relationship with their European partners; they have enormous influence and Europe is going their way. They say that they want a less but better regulated Europe. When will those fine words translate into action? Since the Prime Minister last spoke about the need for a deregulated Europe, 2,000 new regulations have been introduced. Why did the United Kingdom sign up to all those regulations? Why did we not use our influence to say no? Why have we signed up to a 72-point action programme for financial services in Europe when the required regulation is either already in place nationally or will be put in place globally? When we know that we need to compete in a global marketplace, is it not much better that regulation is put in place globally, so that we are competing on a level playing field with the Indians, the Chinese and the Americans, as well as with the French and the Germans? There is no need for mezzanine regulation in big global areas such as financial services or some of the other leading globally organised industries. There may be some need for global regulation, and that surely is the level at which Ministers should concentrate their attention.

The Chancellor rightly said that the world is changing extremely rapidly. He rightly drew attention to the growing competitive challenge from India and from China. He may also have mentioned Brazil and Russia. The new large economies are growing very quickly. They are importing a great deal of technology and ideas, and in some cases they are exporting a great deal of capital because they are generating very large surpluses. The pattern of world trading is changing extremely quickly. We must understand that for Britain to have a prosperous future, as she has had a prosperous past, we need to turn our attention much more to countries of the size and pace of change of India and China.

Britain's great advantage in the next 30 or 40 years is that we have a special relationship with India. We have strong ties, a common language for business and political purposes, and quite a lot of common systems as a result of our shared history in the 20th century. We need to turn that to good effect and play the game in the spirit of the recent cricket exchanges, where India won one and we won one. We need to develop that relationship as strongly as we can, because it will help pay the livings of our children and grandchildren in the future.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I have followed the right hon. Gentleman's speech with interest. On the productivity challenge, which I accept, he has not touched on the conundrum of business investment. Companies in the UK are making what some would consider record profits. Interest rates are low. There is a crying need to improve our productivity, even in the private sector, although I take some of the points that the right hon. Gentleman makes about the public sector. How do we overcome that problem?

Mr. Redwood: That is a very good question. I have shortened my remarks because I know that other hon. Members want to speak. The point of my argument about pensions answers the hon. Gentleman's point about investment levels as well. The main reason that British companies are not investing more in plant, equipment and new ideas is that every spare pound they generate is likely to have to go to make good the deficit in their pension funds—deficits that are being exaggerated or made worse by the actuarial advice on and by the method of compensation of the value of assets and liabilities.

If the Chancellor takes the pension fund problem seriously and can find some kind of regulatory amelioration, the hon. Gentleman will find that more of that cash flow will become free for expenditure on improving the real assets of the country and generating more wealth. Similarly, more money will be available for equity investment through the stock exchange. There is not so much equity investment available from British sources through the stock exchange for exactly the same reason—people are told to put their money into bonds, not into new share issues by companies, which could otherwise finance new ideas, new technology and extended ideas for companies.

My concluding point is on the change in the world. According to the European Union's projections, which are a little out of date as they were issued in 2002, the 15 main EU economies, which represented 18 per cent. of world output in 2000, would represent only 10 per cent. of world output by 2050. I think that is a wildly optimistic forecast on the part of the European Union. If one looks at the pace of change, the relative decline of some of the continental economies and their populations, and the enormous success of India, China, Brazil, Russia and the other emerging countries, one realises that there is no way in which the EU 15 will still represent 10 per cent. of world output by 2050.

Mr. Cash: Did my right hon. Friend notice the way in which the Chancellor of the Exchequer in his speech this afternoon distanced himself from the eurozone, but did not go one step further and say that the Government had made a terrible mistake in committing themselves to the euro, the ERM, the constitution and all that goes with it? For practical purposes, he is prepared to criticise the European Union but not prepared to go that step further and say that we will have nothing to do with that aspect of it.

Mr. Redwood: My hon. Friend is right. An honest Chancellor would have said, "The game is up. I now realise that joining the euro would be quite inappropriate for Britain and we would be much better off getting our regulations into line with the leading countries and power blocs in the world, not regulating at the mezzanine level in the European Union." This is the point. On its own figures the EU will almost halve as a proportion of world output. On more independent figures, it will not do that well. It will fall even more, and we will not be earning our living sufficiently if we hitch our wagon entirely to the European train or bus. We need, instead, to be aware that the life and growth in the world economy will be in America, India, China and the other emerging countries. Our foreign policy should be geared to that, and so should our economic and regulatory policy.

For the information of Labour Members, I have spoken as the Member of Parliament for Wokingham. I have not bound the Front Bench team by what I have said, nor have I bound my economic competitiveness policy committee. We will report, I trust, next summer and it will give me great pleasure then to speak for that. I am not backtracking on anything. I have expressed my views in my capacity as the Member of Parliament for Wokingham, the proudest capacity of all that I hold, and if they in due course are adopted by the committee, I shall be delighted. If the committee's recommendations in due course are adopted by my party leadership, I shall be delighted. I thought Labour Members should know that.

3.16 pm

Rob Marris (Wolverhampton, South-West) (Lab): I pay tribute to the right hon. Member for Wokingham (Mr. Redwood). He is right, of course. The world might fall in tomorrow. On present trends, I disagree with him. I shall give him a small example with a statistic that he used towards the end of his speech—the position of the EU 15 in 2050. He had severe doubts whether we would have 10 per cent. of world trade by then. It is difficult to predict, but on current population projections, the population of the 15 in 2050 will be approximately 5 per cent. of the world population. To suggest that as the rich west we would be batting double at 10 per cent. of world trade seems to me to be entirely credible. It may not happen. I hope I am here with the right hon. Gentleman to check. It is true that the world might fall in tomorrow, but I do not think it will. Nor does the Organisation for Economic Co-operation and Development.

The OECD last October, five months ago, stated:

"The UK is a leader in the quality of its monetary and fiscal policy frameworks amongst OECD countries."

It continued:

"The framework has played a key role in improving macroeconomic stability relative to both the past and to other OECD countries."

The International Monetary Fund last December commented:

"Macroeconomic stability in the United Kingdom remains remarkable ... This impressive record owes much to good macroeconomic, financial, and structural policies, underpinned by sound policy frameworks".

In its "Audit of Assumptions for Budget 2006", the National Audit Office, at paragraph 67 on page 14 in relation to the underlying growth rate stated:

"Over the four year Rolling Review period since 2002, the rate assumed for underlying or trend growth for the purposes of making the fiscal projections was 2¼ per cent. per year up to the end of 2006."

That is the rate assumed by the Chancellor and the Treasury. The NAO goes on to state that

"the assumption was reasonable and cautious".

It continues:

"Looking forward, the Treasury assumption of 2¼ per cent. from 2007 onwards is at the bottom of the range of external estimates ... On this basis, the Treasury assumption currently appears reasonable and cautious".

Of course the world might fall in tomorrow. Past indications, like the stock market, provide only a limited indication of the future, but the indication is that the world—the roof—will not fall in tomorrow.

On borrowing, I share some of the concerns of the right hon. Gentleman, and I have done so for a number of years, as hon. Members know. I shall not recite the figures, but they were far worse under the Labour Government in the mid-1970s and under most of the Conservative Government through the 1980s and 1990s. There is a role for Government borrowing, but the focus should be either counter-cyclical or investment—I use the term "investment" in its commercial sense, and not in its somewhat devalued political sense, where it is used as a substitute for the word "spending".

Table C1 on page 250 of the Red Book lists net investment and public sector net borrowing. In 2003–04, net investment was 1.3 per cent. of GDP and public sector net borrowing was 3.2 per cent. of GDP, so there was less investment than borrowing, which is worrying for me. Similarly, in 2004–05, net investment was 1.8 per cent of GDP and net borrowing was 3.4 per cent. of GDP. The estimate for the financial year that is about to end is net investment of 2.1 per cent. of GDP and public sector net borrowing of 3 per cent. of GDP. The estimate for next year is net investment of 2.2 per cent. of GDP and net borrowing of 2.8 per cent. of GDP. In 2007–08, the estimate is net investment of 2.3 per cent. of GDP and net borrowing of 2.2 per cent of GDP. In 2008–09, the estimate is net investment of 2.3 per cent. of GDP and net borrowing of 1.7 per cent. of GDP. In 2009–10, the estimate is net investment of 2.3 per cent. of GDP and net borrowing of 1.6 per cent. of GDP. In 2010–11, which is as far as the table goes, the estimate is net investment of 2.3 per cent. of GDP and net borrowing of 1.5 per cent. of GDP. I think that that trend is healthy, and I welcome it.

Adam Afriyie (Windsor) (Con): The hon. Gentleman is underpinning his argument with lots of forward-based statistics on debt and borrowing. What would happen to those figures if PFI borrowing were brought into the equation?

Rob Marris: I cannot give the hon. Gentleman the exact figures. He has raised the question of PFI borrowing, and I think that in a commercial sense, which I am sure appeals to him, if one were to include PFI borrowing—I agree that we should have the full figures—it would to my mind, although perhaps not to his, be investment, because it goes on schools, hospitals and roads. Given my politics, I would call that investment, although I hasten to say that I do not know whether the Chancellor would include it in table C1.

John Bercow The hon. Gentleman has neatly elided into precisely the topic that I want to cover. Leaving aside both the sustainability and the cost of existing Government borrowing, is it not in any sense a source of concern to him that there is a huge disparity between the vast increases in public spending, for the purpose of which the Chancellor is borrowing so significantly, and the very poor increase in productivity? In the health service, spending has vastly increased, but, for example, the number of clinical episodes has not.

Rob Marris: I refer the hon. Gentleman to box 2.2 on page 22 of "Productivity in the UK 6: Progress and new evidence", which was released with the Chancellor's papers today. I will not detain hon. Members with the

[Rob Marris]

figures, but, as I think that he appreciates, it is notoriously difficult to measure productivity in the NHS. Turning to what I take to be his case—he will correct me if I am wrong—he has done himself a disservice. We should all be concerned about public sector productivity, and I am convinced, although he may not be, that the Chancellor and the Government are concerned about that, too. He has done his case a disservice with his comment about the NHS—I made a similar comment to this on the first day of last year's Budget debate. If the average time allocated for a GP to see a patient goes up from eight minutes a patient to 12 minutes a patient, it is a significant decline in productivity, which I wholly welcome, and I suspect that Conservative Members welcome it, too. In a commercial sense, that is one example of declining productivity in the NHS, but I think it fantastic.

Mr. Graham Stuart: One of the problems associated with longer GP times is the time spent using choose-and-book technology, which takes nearly twice as long to use as was originally expected when it actually works. As the hon. Gentleman knows, the Prime Minister's policy unit reported in 2004 that it felt that there had been a 20 per cent. drop in NHS productivity. This is the great crisis: in the early '90s, NHS productivity was growing strongly; under this Labour Government—I think that the hon. Gentleman would agree that Ministers should take responsibility for this—productivity has fallen on normal stable measures.

Rob Marris: As I said to the hon. Member for Buckingham (John Bercow), I refer the hon. Gentleman to box 2.2 on page 22 of "Productivity in the UK 6: Progress and new evidence", which the hon. Member for Buckingham is avidly reading—the hon. Gentleman will probably seek to intervene on me again. Box 2.2 discusses

"The latest Health Productivity Article published in February 2006"

and points out that it is extraordinarily difficult to measure NHS productivity—the report's authors are much more knowledgeable on public sector productivity than me. I have already said that I believe that the Chancellor and the Government think that public sector productivity is extremely important, but it is very difficult to measure whether an apparent decline in productivity in a particular part of the NHS is desirable in social terms.

John Bercow: The hon. Gentleman's prescience is impressive indeed—he foresaw that I would want to intervene on him again, and he was right to do so. He is an extraordinary parliamentary specimen, because it is commonplace for an hon. Member to refer other hon. Members to statistics that support their case, but it is relatively uncommon for an hon. Member to refer others to statistics that directly contradict it. He knows that in the box to which he has referred the figures show a decline in productivity of between 0.6 and 1.3 per cent. a year between 1995 and 2004, but in the same box the Government complain that the figures

"take no account of quality improvement."

In other words, if the figures support the Chancellor, the Chancellor is content, but if they do not, he tries to rubbish them. Does that concern or preoccupy the hon. Gentleman, because it should?

Rob Marris: I would be concerned, if the hon. Gentleman had not quoted selectively. I shall read out the whole sentence, which I dislike intensely because it starts with a conjunction:

"But these estimates take no account of quality improvement, as the Atkinson Review recommended should be the case."

The hon. Gentleman's implication that the Chancellor has adopted a pick-and-mix approach is not fair. I say to hon. Members in all honesty that I have no idea what the Atkinson review is, but it is presumably about NHS productivity.

Several hon. Members *rose—*

Rob Marris: I am not foolish enough to take interventions on what it is. Nevertheless, an apparently independent body that is dealing with productivity takes a view that is shared by the Chancellor.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Member for Beverley and Holderness (Mr. Stuart) quoted with approval the increase in productivity rates in the health service in the period before 1997. However, it is a fairly well understood economic principle that when one brings into productive use resources that were unused on the scale that was the case under that Government, they are generally less productive, and therefore average productivity is bound to decline. It is the law of diminishing returns. There is nothing special about having high levels of productivity—that can be achieved by sacking the least marginal resources in any productive enterprise.

Rob Marris: I agree with my hon. Friend, who, as a cost auditor by background, is much more knowledgeable about these matters than I am. As regards what was going on in the NHS in 1997, I was a trade union solicitor working closely with the Unison branch at the main acute hospital in Wolverhampton, as well as the branch at the health authority which became the primary care trust. The hospital was doing what in industrial terms would be called sweating the assets, which was wearing out staff.

Mr. Graham Stuart: In response to the hon. Member for North-West Leicestershire (David Taylor), in private business it would usually be expected that if one invested more, particularly if one doubled expenditure in an area, one would expect a step change upwards in productivity rather than the opposite.

To try to take a little heat out of the debate, I think that it is generally accepted within the NHS—and even among health Ministers—that productivity is a problem. That is one of the reasons why the record investment that has gone in is not delivering. We can all move forward if we at least accept that there is a serious problem. Whoever is in government in the next five to

10 years, we must all work together in this House to support common-sense steps to increase that productivity.

Rob Marris: I would not agree with using the word "problem" about productivity in the NHS, but I completely agree that it is an issue that a Government of any colour need to address. All that I was saying—I did not want to get bogged down in this—was that it is very difficult to measure productivity in the NHS and that there is a social dimension because it is a public service.

Mr. Kevan Jones (North Durham) (Lab): Although this anoraks' debate between my hon. Friend and the hon. Member for Buckingham (John Bercow) is important and enlightening, does he accept that the main thing that my constituents are bothered about is waiting times? When I was first elected to this House in June 2001, the average waiting time for elective surgery was 18 months to two years—now, because of the extra investment that has gone in, it is down to four months.

Rob Marris: I entirely agree with my hon. Friend. There is a similar situation in Wolverhampton at the acute hospital, New Cross.

John Bercow *rose—*

Rob Marris: I will give way to the hon. Gentleman, but I should first say something that I should have said in response to his last intervention, when he kindly talked about my prescience. I thought that he might have acknowledged my prescience in terms of having been able to get as far as box 2.2 on page 22 of this obscure report, which was released only two hours ago.

John Bercow: I am happy to pay due—indeed, elaborate—tribute to the hon. Gentleman for that capability. I do not intend to probe him on the details of the Atkinson review, of which I suspect both of us are pretty ignorant. However, it will be a very sad state of affairs if at the next election the Chancellor is reduced to trudging around the marginal seats of this country in his campaign bus chuntering, in response to any protesting elector, the slogan, "The Atkinson review! The Atkinson review!" I think that in such circumstances he will be thought to be in need of some assistance or treatment. Does the hon. Gentleman accept that the central issue—

Mr. Deputy Speaker (Sir Michael Lord): Order. I am conscious that interventions are getting longer and longer. Many Members are waiting to catch my eye, so I think that that is enough from the hon. Gentleman for the time being.

Rob Marris: I will not be tempted much further down this path save to say that as someone in a marginal seat, I will be more than happy during the next general election to welcome the Chancellor, whoever she or he may be.

Mr. Redwood: Is not the worry about the NHS that there has been such a large build-up in non-medical personnel at the time when all this money has gone in? Would not the investment be proving its worth if the new computer systems and administration systems showed that we could cut the number of administrative staff, where surely his quality objection would not come into play? We have more administrative staff than nurses or doctors, so should not we spend to reduce that burden?

Rob Marris: I suspect that the right hon. Gentleman comes from a more commercial background than I do, but I too come from a business background—I spent the majority of my working life in the private sector. One should not simply rely on a commercial model as regards NHS finances and structures, and I am not suggesting that the right hon. Gentleman takes that view, but it can be illuminating to use it for comparison purposes. Arguably, the NHS was for years unadministered. The statistic that the right hon. Gentleman cites, which is commonly cited by Opposition Members, is one of those that can be extremely misleading in certain hands. For example, in some statistical, taxonomic sense—to use the kind of word that the hon. Member for Buckingham would use—a matron could be counted as an administratrix, to use the proper Latinate originate, or an administrator, in everyday terms. But most people, including, I suspect, the right hon. Gentleman, would not consider a matron—we reintroduced them, of course—to be an administrator or manager when looking at the figures to determine who is front-line and who is not.

Alan Simpson: One example of the difficulty of setting productivity measures in the NHS is to be found in the parallel debate about productivity in health care that is taking place in France at the moment. There, people are arguing that it is productive to reduce bed occupancy rates because their measures of efficiency are to be based on reductions in readmission rates and hospital infection rates. So, to make the system less intensely used is to make it better, in terms of productivity in health care. To use strict numeric terms in regard to volume throughput might therefore miss some of the really critical health issues on which productivity ought now to be measured.

Rob Marris: Absolutely. My hon. Friend makes an important point. It is extremely difficult to measure productivity, particularly in the social or public sectors.

Another measure of productivity—which Opposition Members, especially those on the Conservative Benches, never cite, but which I always have to cite in Budget debates—relates to our work force, and its participation rate of 75 per cent. There is indeed a gap between us and France in terms of output per person-hour. That is true. It is quite a significant gap, although we have halved it in recent years, as the Chancellor pointed out in his Budget speech. However, in terms of output per person of working age, there is almost no gap at all.

Economists have traditionally used output per person-hour as their primary measure of productivity, for understandable reasons; it is an extremely valuable tool for a business that is planning investment, for example. For society, however, it is much more important to look at the output per person of working age, because that tells us not only about relative measures—as productivity per person-hour does—but about the absolute size of the pie to be divided up for

[Rob Marris]

public services according to the national wealth. Productivity per person of working age is an extremely important measure, given our labour force participation rate and our achievements so far on skills, about which I shall say more later.

Greg Clark (Tunbridge Wells) (Con): An even more important measure is the rate of growth of productivity, not just its absolute level. In each of the three terms of this Labour Government so far, the rate of productivity growth has fallen.

Rob Marris: I am grateful to the hon. Gentleman for that intervention, because it illustrates the dividing line between his party and mine. Of course the rate of growth in productivity is important. I think that he said that it was the most important measure—he will correct me if I am wrong—but it is not the most important one to me. The most important thing for me is the size of the pie that we can divide up, as equally as possible, in our society. That is to do with the way people live, and their quality of life. To say that the most important measure of productivity is output per person-hour and to point to the slowdown in the rate of its growth are of course important, but that is not the most important thing to me. Those are dry statistics; I want to talk about people and the size of the social pie.

Greg Clark: Far from being dry statistics, these measurements go to the heart of the matter. I am not interested in the pie as it stands at present. I am interested in the future pie, and the growth in our productivity—compared with that of our competitors—determines the size of the pie to be divided up. The fact that the hon. Gentleman is concerned only with the past and the present is a poor comment on his ambitions for our country.

Rob Marris: I did not say that I was just concerned with that issue. This is to do with where my primary concern lies; that is all. Of course I am worried about the future. I also worry about the present more than the hon. Gentleman does, because it is my Government who have to deal with the present. It is his prospective Government who might have to deal with the future, although I hope not for a long time.

We need to bear in mind that, after nine years of this Government, we have 2.4 million more people in work, two thirds of them in the private sector. That is having a huge effect on people's lives. It does not mean that every problem is solved, but it is a major positive for our society that is not oft remarked on by Opposition Members—

John Bercow *rose—*

Rob Marris: But perhaps the hon. Gentleman is about to do so.

John Bercow: I am very worried about the drift of the hon. Gentleman's speech. He said a few moments ago that it was notoriously difficult to measure productivity in the health service. He then agreed that the rate of growth of such productivity was important, although not necessarily the most important factor. If productivity is difficult to measure, it is difficult to see why he would regard it, and particularly its rate of growth, as so important. May I put it to the hon. Gentleman that the advances in medical science are such that there will always be a new queue whenever there is a new cure? That increases, rather than diminishes, the importance of productivity growth, as we must ensure that we get maximum value for money for the finite resources that will be available.

Rob Marris: This will be my last word on this issue and I hope that hon. Members will forgive me if I do not give way further on health service productivity. The hon. Gentleman says that there will always be a queue. With the advent of statins, there is no longer a queue for heart surgery, but there may be a queue down at the pharmacy for a few extremely important pills. Do we therefore say that heart surgeons are less productive because they are carrying out less surgery? That might be so, but I am not going to continue on the NHS.

We need to focus on the 2.4 million people who are employed, two thirds of them in the private sector, and on the quality of their lives in terms of public services and income, because obviously income, the size of the pie and growth in the pie are important. The relative position of the United Kingdom, a statistic mentioned by the Chancellor—which is not often remarked on, and perhaps not at all today—was that this country's gross national income per capita when we came into Government was seventh in the G7 group of advanced industrial countries. We are now second out of seven. That is not to say that everything is rosy, but it looks like a darn good trend to me. As far as I am aware, that change is not just because the income of the other five has suddenly been cut, but because it has not increased as much as ours. That is extremely important and, again, is connected with the labour force participation rate. I will give way on this point, before I move on to more micro-matters.

Mr. Graham Stuart: I thank the hon. Gentleman, who has been most generous in giving way. Earlier, he mentioned points about the Labour Government's record that do not often get the praise that they deserve. Will not he accept that when the Labour Government came to power, the UK economy was the most powerful in Europe, it had changed and had already seen significant improvements in the number of jobs? If he could accept that, we could at least view his arguments in a balanced way. *[Interruption.]*

Mr. Deputy Speaker: Order. We must not have shouting from sedentary positions when a Member is making an intervention.

Rob Marris: I will go so far as to say that some economic indicators, including falling unemployment, were positive on 1 May 1997. However, the suggestion that at that point the United Kingdom was somehow the economic powerhouse of the European Union—or the most powerful economy—would be questioned by 60 million west Germans, and probably 80 million Germans. I stand to be corrected, but many people would agree, without picking any other examples, that the German economy in May 1997 was stronger than

ours. Our economy now is stronger than the German economy—because our economy has come up, not because the German economy has come down.

We have been talking about productivity and I very much welcome the statement on page 15 of the Budget 2006 "Budget Notes", dated 22 March, in relation to amendments to research and development tax relief schemes. It is important to companies in the west midlands and, I hope, to all right hon. and hon. Members, to encourage more research and development and consequently, one hopes, investment in our economy. Paragraph 2 states:

"In line with a key recommendation of the Cox review"—

I do not know who Cox was—

"the Government intends to provide additional support to firms with between 250 and 500 employees through R&D tax credits, subject to the outcome of state aid discussions with the European Commission."

That is extremely helpful. In previous years, the Government have gradually extended the scope and amount of R and D tax credits, which has not yet had as positive an effect as one would hope, but it is having a positive effect. R and D is creeping up, I would like it to increase further and that segment of companies with between 250 and 500 employees could be a real driver of that increase. I hope that that helps manufacturing around the country, especially in the west midlands.

To move on to the green agenda, I declare an interest as a member of Greenpeace since, I think, 1975. I have a feeling that I am also a member of Friends of the Earth. I will declare that because I think I am a member, although I am not sure.

I am pleased that the Government introduced, and are sticking with, the climate change levy. I am saddened that the Conservative Opposition seem still to be wobbling about it. In fact, as far as I can tell—perhaps a Conservative Member will elucidate—they seem still to be against it. Despite difficulties in what might be called the fine print, I think that it has had a positive effect.

The right hon. Member for West Dorset (Mr. Letwin), the former shadow Chancellor, said in January that the climate change levy had not been a success. That followed his statement in July 2000:

"We regard the climate change levy as an aberration that should never have been brought before Parliament."—[*Official Report*, 18 July 2000; Vol. 354, c. 322.]

He was very clear about that. I think that he was also very wrong, and I urge the Government to stick with the climate change levy. It is a pity, however, that there has been no change in airport passenger duty. I think that we should continue to push within the European Union for some kind of excise duty and also duty on aviation fuel.

Adam Afriyie: I thought that I had better intervene before the hon. Gentleman stampeded over his own Government's policies. The Government's energy review is currently under way. I am stunned that they have already concluded that the climate change levy should remain, although the review has not been completed.

Rob Marris: The climate change levy is in place and it is accepted by many commentators, although perhaps not by the hon. Gentleman, that it has had a positive effect. There may be individuals, and the hon. Gentleman may be one of them, who think that the positive effect has not been sufficient to outweigh the negatives, but I think that it has had a positive effect and so do my Government. It is possible that the energy review will come up with a better way of achieving the objectives, but for the moment the Government—rightly, in my view—are sticking with the climate change levy, which many of us think has worked.

On green issues, I welcome the creation of the national institute of energy technologies, which will be in partnership with the private sector. According to page 151 of the Red Book, its purpose will be—unfortunately this includes a split infinitive—

"to better leverage the substantial public sector funding of energy research".

I think that that is very good.

Mr. David Heath (Somerton and Frome) (LD): It is 10 years too late.

Rob Marris: Well, we are doing it. I would have liked it to be done earlier. I wish that Governments of all political colours had taken energy issues a little more seriously, particularly the issue of so-called alternative energy sources. However, we are doing it, and that is the mark of a Government who are listening and prepared to act.

Mr. Graham Stuart: The Government set clear targets. They accepted targets under Kyoto, although it is questionable whether the country will meet those minimal targets. No commentator thinks that there is any chance that the country will meet the target of a 20 per cent. reduction in 1990 levels of carbon dioxide. Does the hon. Gentleman agree that the small—if, in environmental terms, arguably positive—role played by the climate change levy should not be used to excuse the Government's failure to lead a major campaign on energy efficiency, to listen to the various reports of the Environmental Audit Committee and others over the years, and to transform the country's performance? If this is the biggest issue facing the world today, why have the Government failed so completely, and why do Friends of the Earth say that today's Budget statement will do nothing to tackle the challenges that we face?

Rob Marris: Every little helps, which is why the Chancellor has announced what I hope is an initial fund of £50 million for microgeneration. That is how it works with energy: every little bit helps, whether people are driving fewer miles and cycling more, whether we have microgeneration, or whether we have a few more windmills. Hon. Members need to grasp that we are talking about a whole mosaic of measures. Any one measure will not sort everything out; we need an array of measures. That is what the Government are providing and what the Budget has provided.

Investment in energy efficiency for buildings, both business buildings and homes, is part of that array of measures. We have buildings—this applies, I have to say, to parts of this building—that are leaking energy all the time. Lights are left on, and there is insufficient insulation. We as a society need to invest in energy

[Rob Marris]

efficiency in the public sector, in the private sector and in our own homes. We are starting to do so and yes, I wish that we had done more earlier, but one has to have priorities in government and they were sorting out schools and the NHS, economic growth and so on. We have done pretty well on those and now we are moving on to energy matters.

Mr. Graham Stuart *rose—*

Rob Marris: I will not give way because I must make some progress; I hope that the hon. Gentleman will forgive me.

One area where the Chancellor has made some progress in this Budget, although not nearly enough, is vehicle excise duty. There is a new band for vehicles emitting more than 225 g per kilometre of carbon dioxide, the duty for which will be £210. As I say, that is not nearly enough. In, for example, two to three years time, we should introduce a swingeing regime for such vehicles, although I stress that it ought to apply only to newly purchased ones. At one end of the spectrum is the Toyota Prius, which produces 104 g of CO_2 per kilometre. At the other is the Lamborghini Diablo, which produces 520 g. A Ferrari 575 Superamerica produces 499 g. I am not an expert on cars, but I suspect that the Ferrari carries only two people. A Toyota Prius carries five people and a Toyota Aygo, which produces 109 g of CO_2 per kilometre, carries at least four and may even carry five, although I do not know whether it has five seatbelts. One of the Maseratis produces, I think, 525 g of CO_2 per kilometre. We should have swingeing taxes on such vehicles.

Richard Younger-Ross (Teignbridge) (LD): I hate to disillusion the hon. Gentleman, but someone who can afford a Lamborghini Diablo is unlikely to be put off by the rate of duty, whatever it may be. People in rural areas who use four-wheel drive vehicles will be hit by this new band, particularly struggling farmers. Under the proposal, they will pay more even though many such people are on very low incomes. Does the hon. Gentleman agree that the Chancellor needs to look at providing extra relief, so that those for whom the use of four-wheel drive vehicles is essential—I am not talking about non-essential use—are not penalised?

Rob Marris: I am not an expert on rural areas—it may not surprise the hon. Gentleman to learn that in my constituency, periodically there are a maximum of 35 sheep on one very small part-time farm—but so far as I am aware, those for whom the use of 4x4s is essential, such as farmers, purchase red diesel, which is written off for tax purposes as a business expense. The Chancellor may be considering such a rural adjustment—I would not rule it out—but it is not a reason to back off from swingeing increases. I think that the hon. Gentleman broadly supports the direction of travel, to use the modern vernacular, of the swingeing increases that I am proposing.

Richard Younger-Ross *indicated assent.*

Rob Marris: The hon. Gentleman said that such a rate of duty would not bother the owner of a Lamborghini Diablo, but it depends how swingeing it is. I am not seriously suggesting that it should be, say, £80,000 if the car in question is rated above 500 g. However, a duty of £1,000 to £2,000 would affect the resale value of some of these vehicles—perhaps not very fancy sports cars such as Ferraris—and that might influence people when they consider purchasing them. A Range Rover 4.4 V8—which is made in the west midlands by Ford, of course—produces 389 g of CO_2 per kilometre. That is a ridiculous figure. I suspect that few farmers use a Range Rover 4.4 V8 for anything other than taking their daughter to the gymkhana. Instead of introducing a rate of £210, the Chancellor should have opted for a considerably higher one.

I was going to discuss globalisation, but I shall leave that to others as I have detained the House for long enough.

Alan Simpson: I welcome the points that my hon. Friend is making about vehicles that are far more efficient in terms of reduced carbon emissions, but does he recognise that Britain also needs to play catch-up with other parts of Europe? France and Italy have already developed prototypes of vehicles that run on compressed air, which are capable of doing more than 100 miles to the tank and more than 100 km per hour. Does he agree that there needs to be a paradigm shift in how we think about low-impact transport? A punitive approach to what happens now is not enough—we need to be proactive in transforming our thinking about making lighter the footprint that our transport needs leave on the planet.

Rob Marris: My hon. Friend is absolutely right, but the Chancellor cannot use VED directly to introduce compressed-air cars, or whatever. What he can do is use R and D tax credits to that end, as I have mentioned. The UK is a world leader in automotive design, and although British-owned companies may not be great at building cars, our car industry is very big.

I think that Formula 1 lies at the rather silly end of the spectrum but, although it uses a lot fuel, it also produces a lot of technological development. I hope that some British companies are developing techniques involving stuff like compressed air, hybrid engines and hydrogen. That is going on in other parts of the world and I hope that the R and D tax credits will help.

In conclusion, the Government have been in power for nine years, during which time we have moved to what many people recognise is a more Scandinavian model of society. Britain is now more generous and tolerant than it used to be. True, people pay higher taxes for better public services, but I, for one, believe that that is a jolly good thing. The pot is not limitless and taxes cannot go on rising forever, but the increase in employment means that more people now pay tax—even though, as my right hon. Friend the Chancellor pointed out, tax credits and other provisions mean that some do not pay the full net amount.

Today's announcement of free national off-peak bus travel for pensioners was slipped in near the end of the Budget speech and is a fantastic measure. It will improve the quality of people's lives, which should be one of the purposes of any Budget. A huge amount of new money is to go into education, and I was especially pleased with

what my right hon. Friend the Chancellor said about further education, although I wish that we could do more to fund adult courses for those who have gone beyond level 2. I know that my hon. Friend the Economic Secretary takes a special interest in FE, but the Budget will make a difference in all the matters that we talk about—education, skills and giving every child a chance. It is designed for the future and as a way to help the young people who will look after us in our old age.

I salute what the Chancellor has done today, especially in respect of people-centred policies and education and skills.

3.57 pm

Peter Viggers (Gosport) (Con): It is a truism in Treasury circles that it is very difficult to work out at first hearing the true shape of a Budget, but this Budget is more difficult than most. With this Chancellor, of course, one has to wade through the glutinous self-congratulation with which he always surrounds himself before one can work out what he has actually done.

One thing is already clear—that the expenditure that he has announced is enormous, and that borrowings will be vast. Over the next few days, the provenance of that borrowing and how the money will be raised will be the subject of much scrutiny. The hon. Member for Wolverhampton, South-West (Rob Marris) mentioned PFI schemes, and said that any such approach in the hospital and NHS sector would be an investment. I do not agree: the original idea behind PFI was created some years ago by the previous Conservative Government to bring the skills of the private sector into investment. This Government have lost the thread in respect of PFIs, and instead use such schemes purely for the purposes of off-balance sheet accounting.

One of the first things that one learns in the Treasury is that it does not distinguish between capital and income. A lot of work remains to be done before we know exactly where this Budget will lead us. However, I believe that this Chancellor has done three things right—he has not joined the euro, he has created the Monetary Policy Committee to control interest and inflation rates, and for a couple of years he followed the guidelines set out by the former Chancellor, my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke).

The announcement that the Chancellor made today about giving some measure of independence to the Office for National Statistics may need to be added to the list of the three things that he has done right. In future years, I may well admit that he has done four things right. However, I maintain that he has done everything else wrong. How can that be? He has done it wrong because he is a socialist, his basic philosophy is flawed and he cannot resist social engineering. He does not understand business at all.

Does that matter? I will tell hon. Members a short story. I saw a cartoon once that showed two Egyptians in the desert looking at an architectural drawing of a pyramid. One Egyptian was saying to the other, "I know it may exactly agree with the plans, but I've got a funny feeling that there's something wrong with it somehow." What is wrong is that the pyramid is standing on its apex—it is upside down. We can think of the whole of the top of that upside-down pyramid—that huge structure—as being the non-productive parts of the economy. Those parts may be very valuable, and the people may be nice people doing useful jobs, but they are not productive. I am talking about all pensioners, all children, the armed forces, the civil service, Members of Parliament—all non-productive. At the apex—the tiny triangle at the very bottom of the pyramid—are the people who are actually producing for this country. Those are the areas in the private sector. The private sector should be cherished. It is crucial, unique and essential. The present Chancellor of the Exchequer and the present Government do not understand the need to cherish the private sector.

Mr. Ivan Lewis: Will the hon. Gentleman confirm that he just said that the armed forces and the civil service, per se, are not productive? Will he confirm that the business community said for years that the one thing that it wanted more than anything else was a stable environment in which to do business? Is it not true that this Government have created the most stable year-on-year environment almost in the history of our economy?

Peter Viggers: I will not allow the Minister to put me in the position of criticising the armed forces.

David Taylor: You started it.

Peter Viggers: Absolutely not. I yield to no one in my admiration for the armed forces, in which I have served, unlike most members of the Government. The fact is that the armed forces are not producing an extra benefit—they are not creating wealth for this country. All the people who are serving with great courage in Iraq and elsewhere are not producing wealth for the country. That is the critical point.

Mr. Kevan Jones: I am listening very carefully to the hon. Gentleman. Is he really saying that if a part of the economy is not productive, it does not make any contribution? I have to totally disagree with him in terms of the armed forces. Surely by trying to protect the security situation in different parts of the world, they are helping the economy not just of this country, but of the parts of the world in which they are serving?

Peter Viggers: My point—I am sure that the hon. Gentleman will try to drive me away from it, but I will not let that happen—is that it is the private sector that enhances the wealth of this country, which other sectors do not do. One simply cannot say that service sectors, or those working for the Government, are enhancing and increasing public wealth.

Several hon. Members *rose*—

Peter Viggers: I will not give way again, because the point is quite clear. Some Members may not like it, but the fact is that the private sector enhances the wealth of the nation, which other parts of the economy do not do in the same way. This Government and this Chancellor of the Exchequer have done the opposite of cherishing the private sector. That is not surprising, I suppose: they are an array of barristers, lecturers, social workers, research assistants, charity workers and a Marxist

[Peter Viggers]

lecturer, who, of course, is at defence. They have all been dependent on the state and the public sector all their lives.

Mr. Ivan Lewis: He just insulted charity workers.

Peter Viggers: Dependency is the key to this Government's—*[Interruption.]*

Mr. Deputy Speaker: Order. We must not have these comments from a sedentary position, which do not contribute to the debate at all.

Peter Viggers: Labour Members may not like the points that I am making, but they are true. The Conservatives recognise the unique significance of the private sector, whereas the Government are united in the belief that socialism and the public sector can solve every problem.

Rob Marris: Will the hon. Gentleman give way?

Peter Viggers: No, I will not give way.

Under this Government, regulation and controls have increased. The size of the public sector has increased dramatically and many of my constituents point out that the advertisements for public sector jobs are offensive—including obesity advisers and five-a-day co-ordinators. The jobs section of *The Guardian* paints a very sad picture of the way in which public money is being spent, not all of it wisely.

Mr. Ivan Lewis: Will the hon. Gentleman clarify his remarks? Does he value in any way the contribution that public services make to the well-being of our society and the strength of our economy? He attacked a range of people and said that we were a collection of charity workers, as though working for a charity is making a negative contribution to society. Whom does he value in our society?

Peter Viggers: I understand why the Minister is trying to blow me off the point, but the fact remains that there is a complete difference between those who do not enhance the wealth of the country and those who do. That does not mean that those in the non-wealth producing sector are less valuable as individuals. Of course they are not. To say so would be to talk down ourselves, nurses, doctors, the armed forces and teachers, all of whom are among the most worthy people in our community, but they are not the wealth-creating members of it. The Minister and his colleagues are proving my point and demonstrating that they do not accept that there is a special virtue in the wealth-creating part of the economy. I shall move on.

Under this Government, the tax burden, excluding North sea oil revenues, will be 37.6 per cent. of GDP this year, 37.8 per cent. next year and 38.1 per cent. the following year, which will be the highest rate ever for taxation. Yes, there were 83 per cent. income tax rates under previous Labour Governments, but that does not mean that the rate of taxation overall then was higher than the rate of taxation now. We are being taxed on taxed income. The Cardiff Business School says that as a result a basic rate taxpayer is paying £48.50 per £100 of income in tax and a higher rate taxpayer is paying £57.10 per £100 of income. Each individual receives an income, on which he pays income tax and national insurance. With the net amount of his taxed income, he then pays sales taxes, VAT, fuel duty and excise duties. Out of his taxed income, he also has to pay fixed charges such as the council tax and television licence. Eventually, if he prospers sufficiently, his next of kin will pay inheritance tax of 40 per cent. on his estate. We are taxed on taxed income, and that is why the tax rates are so high.

High tax rates bring their own problems. We have heard reference to the Chancellor's impost on pension funds, and I have declared an interest in relation to pension funds. He taxed pension funds some £5 billion a year—I expect that he would maintain that it is £3 billion net—in his first Budget in 1997, and that has led indirectly, and together with other factors, such as increased longevity and the weakness of the stock exchange, to the closure of final salary schemes and the crisis in the pensions industry. The Chancellor caused – or, at least, contributed to—that problem.

Similarly, the increased taxes of £6 billion on North sea oil will, in due course, lead to higher prices at the petrol pump. During evidence to the Treasury Committee, the Chancellor denied that his duty on North sea oil will have the direct result of higher prices at the petrol pump, but it is true. His taxation of pension funds has affected pensions, and his taxation of North sea oil will affect petrol prices. The Chancellor does not actually believe that his increased taxation will have an impact on petrol prices at the pump or on pensions; he does not realise the implications of his actions.

The Chancellor is guilty not only of high taxation, but also of fiddling—he loves fiddling with people's lives. The tax credit system, which is much vaunted by the Labour Government, has done enormous damage, as well as good. The Government do not realise that although a family in modest circumstances will be grateful for a tax credit of £500 or £1,000, if the Government try to take back that amount it causes a major crisis in the family. The benefit of giving families money is far outweighed by the damage done when the Government try to recover it.

Mr. Graham Stuart: Is my hon. Friend aware that due to the failure to implement the tax credit system, some of my constituents had to rely on handouts of food parcels from citizens advice bureau staff—*[Interruption.]* Labour Members say that is not true. If the Minister would like to visit my constituency, I will introduce him to the CAB staff who were carrying food parcels in the backs of their cars as a direct result of the Government's failure to implement the system—*[Interruption.]*

Mr. Deputy Speaker: Order. We cannot have this. If the Minister wants to intervene, he must stand at the Dispatch Box and intervene in the normal way. We must not have continued comments from a sedentary position.

Peter Viggers: I am not surprised that the Government do not like what I am saying.

It is quite difficult to obtain statistics about tax credits and of course statistics have a tendency to go both ways. The Treasury Committee has been carrying out an inquiry into tax credits.

Edward Miliband (Doncaster, North) (Lab): Will the hon. Gentleman give way?

Peter Viggers: Not at the moment.

At a Sure Start centre in my constituency, I talked to the 20 young mothers who were there. I asked how many of them had had some dealings with the tax credit system and all 20 put up their hand. Then I asked how many of them had had a problem with tax credits and 14 put up their hand. The Minister finds that amusing, but 14 of the 20 said that they had had problems with tax credits. In discussion, it became clear that my suspicion was true: the damage done when money is clawed back from families on modest incomes—

Edward Miliband: Will the hon. Gentleman give way?

Peter Viggers: I shall certainly not give way to the hon. Gentleman, who has only just entered the Chamber.

The damage done by clawing back money is far greater than the benefit that was originally given. The Government simply do not understand the strain and difficulty that that causes.

Mr. Ivan Lewis: Will the hon. Gentleman give way?

Peter Viggers: No, I want to move on to the Budget judgment—the hand on the tiller. What is the Chancellor's judgment, as seen in the Budget?

The Chancellor should be judged not by his own assessment but by the assessment of others. I have looked at assessments made by the International Monetary Fund, the Organisation for Economic Co-operation and Development and the European Commission of the current state of the UK economy. Paragraph 14 of the European Commission's assessment, on 22 February—before the Budget of course—states that it would be appropriate for United Kingdom to

"ensure that the deficit is brought below 3% of GDP by 2006/07 at the latest in a credible and sustainable manner".

Paragraph 9 warns:

"Given existing policy commitments, reducing the expenditure to GDP ratio implies significantly slower current expenditure growth, probably particularly marked in some areas."

The European Commission is warning that it will be difficult for the UK Government to return within the 3 per cent. limit. The Chancellor has done the opposite in his Budget. He appears to have decided to spend and to borrow—the very opposite of what the European Commission recommended.

To refer again to the European Commission document, paragraph 7 says of the UK economy:

"The primary balance, estimated as a deficit of 1 per cent. of GDP in 2005/06, returns to balance in 2008/09 and reaches a surplus of ½ per cent. of GDP by 2010/11. The improvement in the nominal balance is mainly driven by a pick-up of revenues, partly due to the projected cyclical recovery of the economy".

That refers to an absolutely classical economist's J-turn. The European Commission is saying that the situation in the United Kingdom will get a little worse, but it will get better—a typical J-curve.

The Chancellor, having been warned that he will come very close to the 3 per cent. limit—in fact, he is over it in certain ways—has taken the opposite view and decided to expand expenditure. He recognises that there are problems, but he has decided to trade his way out of them. It is certain that there will be curbs on expenditure, of which we heard nothing in the Budget, and that there will be higher taxation, which is inevitable, and that that will lead to lower productivity.

Under this Government, we have already fallen from fourth to 13th in the authoritative world productivity table produced by the World Economic Forum. We cannot afford to lose out in the productivity table; we need to consider the competition. Let us look just at China. In China, 26 cities are installing underground railways. China wants to build 50,000 miles of three-lane highway in five years—that is the same size as the American highway network, which took 40 years to build—and it is building 30 nuclear power stations. The competition is ferocious; we should be facing up to it—instead, with this Chancellor, we have more tinkering, more micro-management, more promises and more taxation: more of the same, and it will not help.

4.17 pm

John McDonnell (Hayes and Harlington) (Lab): I clearly welcome much of what the Chancellor has said today about investment in public services and the development of a stable economic growth path. The Chancellor set the scene by referring to the economy's fundamentals and the balance between borrowing and taxation, which has been often mentioned in the debate so far, and competitiveness and elements of equity in the distribution of resources in the economy. I am grateful to him for that, because it was an excellent way to set up the debate for the next few days.

There are important factors to take into account in describing Britain in 2006 and in the economic policies that the Government must address. I want to set the scene somewhat differently by describing other elements in the equation that depict life in Britain today and that need to be addressed. I suggest that the 2006 Budget must place as much priority on addressing those issues as on those identified by the Chancellor in his macro-economic display today.

The Chancellor set his scene by describing Britain as viewed from the Treasury, the Bank of England, the City and, in my opinion, slightly too much as viewed from the CBI conference hall, but I want to describe Britain as we see it on the streets and in our communities—indeed, the Britain that virtually every Member of Parliament witnesses in their weekly advice surgeries and in the daily volume of their correspondence. Those are the institutions and people whom we meet, and those are the issues and the challenges that we face as MPs in our constituencies.

I regret that the Budget did not contain some measures that I would have welcomed today, as they have been debated for a considerable time not only in the Labour party, in particular, but across the country. I should like to outline some of those measures, and perhaps we can enter into a discussion in the coming

[John McDonnell]

months about how we can address them. I congratulate the Chancellor on the undoubted progress that has been made in lifting the poorest pensioners out of poverty, but we must bear in mind the fact that, first, pensioner incomes remain relatively low, with annual assaults, particularly from energy and fuel charges, on those limited incomes. The basic state pension stands at only 15.6 per cent. of the average wage at the moment.

Secondly, the Chancellor's strategy has increased the proportion of pensioners on means-tested benefits to just over 50 per cent, but each year £1 billion is unclaimed. I accept what my hon. Friends have said, and I have been working with the Pension Service in my constituency to try to ensure that benefits are claimed. I pay tribute to the Pension Service for its work on the ground. I also pay tribute to the support it has had from the Public and Commercial Services Union. Advice has been given and there has been co-operation with the union, and the service has worked with the union towards flexible working on the ground.

The Budget does not address restoring the link with earnings, which was recommended in the Turner report. Pensioners thus will still fail to share automatically in the growth and wealth of the country and the benefits of the Chancellor's policies on economic stability and growth. My straightforward recommendation is that we raise the basic state pension to the guaranteed credit level and restore the link with earnings. Unlike other hon. Members, I do not have a calculator that runs to trillions, but House of Commons Library figures suggest that my recommendation would cost £7.3 billion, which would be a fairly minimal sum to lift a large number of pensioners out of poverty and enable them to share the future wealth of the country.

Rob Marris: Is my hon. Friend aware that, according to the Department for Work and Pensions, pension tax relief has almost no effect on people's savings for pensions because they would save anyway. Almost all the tax relief goes to the wealthiest in our society, and it represents £18 billion a year of forgone tax revenue, which might go some way towards paying the £7.3 billion for his modest proposal.

John McDonnell: I am dealing with expenditure at the moment, but I will talk about the income needed to resolve these matters in due course. It has become an annual event that we prepare an alternative Budget on behalf of Labour representation in the socialist Campaign group and the left economic advisory panel, which is our shadow form of the Bank of England advisory committee. I want to outline several proposals that the Government might wish to consider in due course. The Government took up a number of the issues that we raised in previous alternative Budgets.

Rob Marris: We have a listening Government.

John McDonnell: A listening Government, but they are perhaps not as attentive as possible.

Mr. Newmark: I would like to lend the hon. Gentleman my support, as would members of the Braintree pensioners action group. It is important that we re-establish the link between pensions and earnings. What is the hon. Gentleman's view on abolishing means-testing completely, which the Chancellor promised back in 1993?

John McDonnell: There has been a long debate about means-testing over the past 60 years. Any Government will have to ration resources in some way. The best book to read on the matter was produced by Enoch Powell in the 1960s. It addressed health and welfare benefit reform. The language of Bevan is about socialism and the language of priorities, and Enoch Powell demonstrated in his own terms that there will always be a need for any Government to have some form of means-testing, but our job in a civilised society is to try to minimise it. I am grateful for the hon. Gentleman's support, but given his past calculations I am wary of his mathematical ability on such matters.

Individual Members of Parliament must address elderly care. The main worry for many pensioners, apart from their income, is what will happen to them if they need care. They fear losing their homes to pay for such care, and the problem has been graphically highlighted by recent television programmes. In addition to restoring the link with earnings, the Government should thus consider abolishing all care charges, which, according to House of Commons Library figures, would cost £4 billion. That would give pensioners security in the future, but we should go further and consider again the high prescription charges that are levelled against pensioners and others. Abolishing prescription charges would cost the relatively minimal amount of £0.42 billion.

Rob Marris: That is £420 million.

John McDonnell: Yes. I did not mean to confuse my hon. Friend, who is attentive on all such matters.

At the other end of the age spectrum, we must also applaud the impact of the Chancellor's policies on reducing child poverty. However, we need to acknowledge that the Government have missed their target of taking a quarter of all children out of child poverty. They have managed to do that for 17 per cent. of children, but we have missed our target on the time scale that we set. That is not to carp. To get this far is a major achievement. However, we have missed our target by 250,000, and those children remain in poverty.

The definition of poverty is extremely limited. Many children living on the margins of what is defined as poverty do not enjoy the lifestyle that we would want for our own children. That is just an aside; I accept that we need commonly agreed mechanisms by which we measure poverty, but we also have to accept that the definition sets a relatively low target.

There is also the problem of non take-up of means-tested tax credits, high marginal tax rates and disincentives to work, which are associated with all means tests. We have debated that. It is why I propose a simple solution to tackle the failure to meet the full 25 per cent. target. A £5 increase a week on child benefit would cost £3.4 billion. According to Treasury figures, it would initially lift 350,000 children out of poverty.

For young people, my continuing concern is that introducing tuition fees and scrapping maintenance grants has depressed a generation with the prospect of

starting adult life with high levels of debt. Tuition fees also serve as a disincentive to study, and I worry about the drop-out rates from some of our colleges and universities, which in some instances has reached 25 per cent. For that reason, we need dramatic and radical action to restore confidence among our young people in staying on, especially young people from working-class backgrounds. Hence I propose wiping out all student debt at a cost of £8 billion and scrapping tuition fees at a cost of £2.25 billion, wiping the slate clean of an overhang from past policy mistakes.

Despite all the Government's successes in investing on a large scale in public services, there has been a failure to recognise the significance of the impact of poor housing and lack of housing on the poverty and quality of life of many of our constituents. When I was elected in 1997, 40,000 families were homeless in London. There are now 50,000. A large number of my constituents suffer from terrible overcrowding and insecure accommodation, and they are living in abysmal housing conditions.

David Taylor: It is a real pleasure to hear the second shadow Chancellor outline the Budget that we may hear in years to come.

On housing, does my hon. Friend agree that two things would have been welcomed had they been announced today? The first is the restoration to local authorities of the power to build or acquire affordable housing. The second is to fund properly an option 4, which would allow local authorities that were good landlords to have their tenants stay with them, rather than being coerced away into stock transfers, PFIs and other dubious vehicles.

John McDonnell: I shall move on to that proposed solution in due course. However, I think that all hon. Members consider housing to be a critical issue that the Government need to address. Poor housing conditions, overcrowding and homelessness impact on all aspects of the lives of our constituents. They impact on their health, the educational abilities of their children and their overall environment.

Recent Government statistics show that more than 100,000 families live in temporary accommodation, and the figure has doubled since 1996; 2.4 million of our homes are below the decent homes standard; 1.5 million people are on council housing lists; and 2 million households containing pensioners, children or someone with a long-term sickness or disability live in fuel poverty. Society overall, not just the Government, should be ashamed of those statistics.

Mr. Newmark: Does the hon. Gentleman think that part of the problem with homelessness, particularly in many of our cities, relates to mental health care and that many homeless people have mental health problems? Surely we should be investing much more in mental health care so that we can treat those who are homeless and have mental health problems.

John McDonnell: Mental health care issues clearly impact on homelessness. I have some involvement in dealing with those matters in my constituency. I compliment the Government, because for the first time in a long time we have had significant investment in mental health care in my area. The hon. Member for Uxbridge (Mr. Randall) and I have opened new units in our constituencies. However, the key issue is not mental health but housing supply, repair and renovation. Unless we have a significant housing programme, we will not be able to tackle such matters, and they will have an impact—whether on mental health, families in poverty or children trying to get a decent education.

In response to a recent parliamentary question, the Minister for Housing and Planning said that it would cost £7 billion to bring all local authority homes up to the Government's decency standard. That would represent one of the best and wisest investments that the Government could make in tackling the housing nightmare that so many of our constituents daily face.

The Chancellor of the Exchequer today announced a new housing programme, which I welcome, but I have to say that it is not on a scale that will tackle the size of the need or the desperation. I urge hon. Members to examine the Shelter housing programme, which sets out the targets that the Government should be meeting year on year to tackle the plight in which many of our constituents find themselves.

To return to the point made by my hon. Friend the Member for North-West Leicestershire (David Taylor), success in delivery of housing improvements and building programmes can be achieved only if the Government work in partnership with local authorities, adopt the Labour party conference option 4 policy, end the discrimination against local authorities and invest directly in a large-scale council house building programme. I can find no other vehicle that could undertake the scale of investment and delivery that we need in this housing crisis.

Finally, on the expenditure side of my Budget equation, I suggest that the Government acknowledge the £800 million deficit that the NHS is facing. My primary care trust is facing a deficit of £30 million, which is unmanageable. No matter how good the management, we will not be able to tackle that in the next 12 months. It is clear from my experience that that has arisen from the rigidity and dominance of the national target setting approach to service improvement, which has undermined local management and local decision making. Therefore, central Government need to review not only local management but the central Government role. In addition, we need to recognise that the £800 million gap is not bridgeable in one year. My proposal would be to write it off and to allow the PCTs to start again in partnership with central Government.

The sum total of those Budget proposals is about £35.37 billion, give or take the odd £100 million. I mention that because my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) intervened on me last year to see whether the addition was correct—I hope it was.

Turning briefly to how we should raise the revenue to fund this programme, I welcome today's statements by the Chancellor of the Exchequer that we will start looking at tax avoidance. I regret that in the merger of the Inland Revenue and Customs we lost 3,000 staff, but I compliment the new department's work on corporate tax avoidance. Let us consider the proposal made by the Tax Justice Network. Corporate tax avoidance on a

[John McDonnell]

scale of £9.2 billion could be tackled, and could reap an income to be invested in the future of public services and in reducing poverty.

I am delighted that a number of years ago the Chancellor introduced windfall taxes to tackle obscene profits in certain sectors of the economy. I urge him to revisit that policy and look at two particular proposals. First, a windfall tax could be imposed on the bonuses given before Christmas to many people who work in the City. We have heard that the stock market is having a difficult year, but national account data show that output in the financial sector has recently increased by 5 per cent. year on year. It is just shy of the 5.3 per cent. that is the highest recorded increase since the 1990 boom under the Lamont chancellorship. The bonus pool for investment bankers is estimated to be £7.5 billion, and some of those profits were distributed before Christmas on a scale not previously seen. Indeed, it is believed that 3,000 mangers could receive a £1 million handout. A windfall tax on 50 per cent. of a City bonus is therefore justified, and would bring in £3.75 billion.

Secondly, we must look at banks and oil, and we could impose a windfall tax on the incredible profits that energy companies have reaped recently. BP, for instance, had a profit of £11 billion or 25 per cent; Shell, 30 per cent.; and Centrica, 11 per cent. Of the banks, Barclays had a profit of £5.28 billion or 15 per cent.; Lloyds TSB, 10 per cent.; and the Royal Bank of Scotland, 21 per cent. The Chancellor has introduced windfall taxes before, and he should do so again on the same scale. The level of profits that triggered the previous windfall tax has been exceeded by those companies, and a new windfall tax could bring in £6.10 billion.

David Taylor: In his list of areas of the economy where unjustified profits have been made, will my hon. Friend consider including companies such as Laing, which is the midwife to many private finance initiative projects? Ten days or so ago, it announced that its so-called PFI investment quintupled in a relatively short period and that its profits had increased by 43 per cent. The income stream that it received from those projects was twice the base rate, so it is no wonder that 60 acute NHS trusts, to which he has referred, have commitments to PFI payments that exceed 10 per cent. of their revenue. Does he not agree that that is only going to get worse?

John McDonnell: I regret that the Chancellor appears to have launched a new PFI initiative.

David Taylor: It will cost £26 million.

John McDonnell: That is a significant roll-out of PFI. In the past, PFI schemes have wasted resources, and companies have been guilty of exploitation. In many cases, they did not deliver the goods or provide the public services required. We all have experience of such projects in our constituencies. In my own constituency, a new PFI school was imposed on us. Every year, the school has a deficit that it must make up. Jarvis was the PFI contractor, so when it was threatened with bankruptcy we had to set up a telephone tree in case we had to occupy the school to prevent the company from removing goods. In addition, kids in the local community cannot afford most of the sports facilities provided at the school via Jarvis, so the facilities stand idle.

Alan Simpson: Does my hon. Friend accept that his constituency was not alone in being saddled with problems after projects were administered by Jarvis? Will he confirm that in the year when the company's share price has collapsed it paid its executives a bonus of £807,000, which appears to be a reward for failure?

John McDonnell: There are numerous examples. I refer hon. Members to the work of Alison Pollock and to the publications by Unison in recent months, which contain example after example in the public services, health and education where PFI has been used to exploit the public purse, has failed to deliver and has delivered large bonuses and profits to individual company directors. That is why I regret that the Chancellor is going along that line. I would welcome a Government inquiry into PFI, which would probably echo the work done by the Public Accounts Committee on individual PFI schemes, which has demonstrated their lack of deliverability and cost effectiveness.

To balance our books, I refer to what was Labour party policy—that we should reduce our defence expenditure to European Union average levels. That would bring in £6.3 billion. In line with my views, which are shared by a large number of colleagues, withdrawal from Afghanistan and Iraq would produce £1.3 billion.

On income tax, we must consider the restoration of higher income tax levels for those earning more than £60,000, graded up to £100,000 and above. Figures produced by the House of Commons and recommendations from the left economic advisory panel suggest that we could have an income tax take of an additional £11.2 billion.

Overall, that would provide us with an expenditure of £35.37 billion and an income of £37.85 billion. Some of that expenditure would be one-off. The gap between one-off expenditure and ongoing income is about £9 billion. I refer to the proposals made by others to build on the Chancellor's message today that we need a huge investment in an environmental programme to ensure sustainability and tackle climate change.

I regret that today we have not made progress on aviation tax. I accept that there are constraints arising from international agreements, but, as we have demonstrated in previous debates in the House, that does not prevent us from moving on with regard to UK fuel duty and it does not prevent us from increasing passenger duty. I know that my hon. Friend the Member for Nottingham, South (Alan Simpson) has ingenious ideas for controlling emissions through levies on emissions at particular airports. That is one way in which we can increase duties overall, which will enable us to launch a comprehensive programme to investigate wind power, solar power, marine power, renewables, biofuels and waste minimisation. It will also provide a significant injection of cash for investment in our public transport system.

The Chancellor of the Exchequer referred today to the need to control public sector pay. I wish as much attention was paid to the private sector, especially the

City. If attention is to be paid to public sector pay, let us consider some of the levels of pay that public servants receive, which raise the issue of poverty pay. Let me give some examples. For an administrative assistant in the Department for Work and Pensions, the starting salary, which many people are on because there is high turnover, is £11,750. In the Department for International Development, it is £10,947. When we increased the minimum wage last time, we discovered that some of our own staff were on the minimum wage. In the Ministry of Defence the starting salary for an administrative assistant is £11,220.

Many of those jobs are based in London. I do not know how people survive on such salaries in city areas. If we are to look into public sector pay, it should not just be in terms of restraint. We need to develop Government policies for coherence in national negotiations and tackle low pay. We must recognise that many of those people are dedicated public servants, without whom we would not be able to deliver our policies or the Budget.

4.44 pm

Mr. Michael Fallon (Sevenoaks) (Con): I remind the House of the business interests that I have declared in the register.

I hope that the hon. Member for Hayes and Harlington (John McDonnell) will forgive me if I do not respond in detail to the alternative Budget that he has presented. He was honest enough to attach prices to some of his programmes, although I am afraid that my calculator overheated, so I shall leave it to the Economic Secretary to respond in detail. However, I shall make one point: he has said that he is against privatisation, but if he looks at table C4 in the Red Book, he will see that the spending programme that the Chancellor is currently planning depends on some £35 billion of privatisation—£7 billion a year over the next five years.

David Taylor: Those are asset sales.

Mr. Fallon: The hon. Gentleman calls them asset sales, but taxes are called "charges" for the same reason. The programme involves privatisation, and Qinetiq was the first of it. I wonder whether the hon. Member for Hayes and Harlington will go through the Lobby in due course in favour of it.

John McDonnell: There are a series of proposals in today's Budget that are asset sales, and I expect the Chancellor of the Exchequer to introduce individual pieces of legislation on them. If the hon. Gentleman checks the record on issues such as the sale of air traffic control, he will find that I have opposed each privatisation.

Mr. Fallon: I do not doubt that, and I was half implying that I expect to see the hon. Gentleman rebel again. I do not know what he would call the proposed sale of Scottish Water—is it an asset sale or is it a privatisation? If it looks like a privatisation and it sounds like a privatisation, it almost certainly will be a privatisation.

Before turning to the Budget judgment itself, it is worth reminding hon. Members about parts of the fiscal process since last year's Budget that the Chancellor did not mention today. In the middle of the existing financial year, the Chancellor rushed to the Treasury Committee to change the economic cycle's starting date. He then fiddled the end date of the cycle, and he also started to correct some of his mistakes in the pre-Budget report.

The Committee had already warned the Chancellor that because of earlier misjudgments, he was likely to have to put up taxes, increase borrowing or reduce spending. As hon. Members know, he did all three of those things in December: he put up taxes quite significantly, especially on North sea oil; he increased his borrowing forecast; and he cut spending by reducing the original envelope that he had sketched out for the comprehensive spending review 2007.

Today's Budget was largely set by the pre-Budget report. Those who follow our proceedings may be puzzled by how the pre-Budget report has evolved into the Budget itself—today seems to be a tidying-up exercise with an awful lot of flannel in between. Today's course had already been set, which is a shame, because the Chancellor could have done very much more.

As other Conservative Members have said, the taxation system is far too complex, too burdensome and increasingly unfair. The Chancellor could have taken the opportunity today to introduce serious proposals on simplification, to make cuts rather than increasing taxes and to introduce measures to make taxation fairer. There is much more to be done on simplification than the minuscule target of reducing the administrative burden imposed by Revenue and Customs by 10 per cent. over five years. For example, although I admit that the figures show that the administrative cost of processing taxes is higher in Holland than it is here, the Dutch are cutting that burden by 20 per cent. over four years.

Much could be done on matters such as simplifying statutory sick pay for companies and company car schemes, and there is a range of such measures that are simply an unnecessary burden on our businesses. Instead, the Chancellor has continued to make life more complicated for business and to increase the burden, although I was hoping that he would decrease it.

I have heard nothing today about the plight of council tax payers, who are shouldering an increasing share of the cost of local services. When the Government entered office, council tax payers had to shoulder some 25 per cent. of the cost of local services, but the figure is now well over 35 per cent. Year after year, council tax payers must bail out the inefficiencies of central Government.

On income tax, the effect of fiscal drag means that people of quite moderate means, many of whom are inside the public services that the Economic Secretary has defended so eloquently, have been dragged into the higher rate of tax. Some of those people are in the front line of public service, such as senior police inspectors and senior hospital nurses, who would never have dreamed of being described as "the rich". They have been dragged into the higher rate of tax by the Chancellor's failure to index allowances. It is perfectly possible for a Chancellor to choose not to index allowances to suit any one year's particular fiscal judgment. However, the cumulative effect of refusing to do so is that more than 1 million people, many of whom are on relatively low incomes, are being dragged into the higher tax bracket.

[Mr. Fallon]

Business is paying more tax. Although, as the Chancellor reminded us, there have been welcome reductions in corporation tax, business is paying an increasing burden elsewhere. The key point about business taxes is that they are not stealth taxes—they are highly visible to business, and business is extremely mobile. I fear that white-collar jobs will follow blue-collar jobs out of this country overseas. The level and complexity of business taxation needs constant vigilance. We cannot stand still as other countries improve their competitiveness and the attractiveness of their tax regimes. I hope that the Chancellor will use his new all-star global advisory board to set himself a target of improving our competitive tax position. I have no magic bullet to offer him.

It is a mistake for people to think that the 15—not 10—years of economic growth that we have enjoyed were triggered by any single reform. They are not underpinned by any single employment Act, change in industrial tribunals, or change in tax rates, but by a raft of economic liberalisation and supply-side reforms that took place much earlier, in the mid-'80s. Because our competitive disadvantage is now slipping away, the Chancellor and the Government urgently need to look again at the supply side to ensure that our climate for business is as competitive as it should be. Instead, the Chancellor merely said that he would continue discussions on the rate of business tax and continue to review the level of national insurance against the level of taxation, and we are to have yet another report on business regulation. After nine years of the effects of this Government, the time for discussions, reviews and reports is surely over. It is time to do something serious about the situation.

Mr. Edward Vaizey (Wantage) (Con): Does my hon. Friend find it intensely depressing that the mood among Labour Members is not to take account of his remarks but instead to call for a windfall tax on some of our most successful businesses, and that profits are cited but the tax that those companies pay to the Exchequer is not? Does he agree that a windfall tax at this stage would drive many of our most successful companies overseas?

Mr. Fallon: As my hon. Friend probably knows, I am easily depressed when listening to speeches by Labour Members, but even more so today by those who do not understand that the companies whose profits they want to windfall tax—our major banks and oil companies—are world-class British companies bringing home to this country very substantial amounts of revenue as well as providing an important part of our financial and scientific base.

I turn to borrowing. Only this Chancellor could consider £35 billion of borrowing to be a small amount. Only this Chancellor could consider missing his revenue targets five years in a row as somehow irrelevant. That is serious, because the trend is now clear. As my right hon. Friend the Leader of the Opposition so swiftly totted up this afternoon, the total amount of borrowing in prospect is some £175 billion. That is additional debt that must not only be repaid in due course but serviced by this generation.

The Chancellor has again been over-optimistic in his Budget judgment in regard to the amount of revenue that he is likely to get in, and he will end up depending—as many Chancellors have done—on indeterminates such as an attack on excise duty fraud or the latest initiative on tax avoidance. Those measures are all very worth while, and exactly the sort of thing that the Treasury should be doing, but their yield is always unproven and uncertain. I wish I were as sanguine as the Chancellor about the growth rate for the economy as a whole. To me, the high street still looks a pretty miserable place.

In urging the Chancellor to improve his forecasting record, I would like him to admit of a little humility, and perhaps allow a little more transparency in order to allow others—academics and external experts—more access to the Treasury forecasting model. I understand the difficulties involving confidentiality regarding individual and corporate taxpayers' details, but as the Chancellor and the Treasury have got their revenue forecasts so badly wrong year after year, I believe that we need an external eye to look at the matter. These processes need more external validation. I live in hope. I was roundly abused by the Chancellor in the Treasury Committee for daring to question the integrity and independence of the Office for National Statistics. Six months later, he announced that he was taking urgent measures to enhance the integrity and independence of the ONS. There is no reason why the Treasury's revenue forecasting model should not be opened up to a little more external scrutiny in the same way.

Finally, I turn to spending. The Chancellor has postponed the spending review by a year, in order to turn it into a fully comprehensive spending review in which every stone is turned and every detail examined. So I was quite struck by the way in which he pre-empted it today. He identified a whole series of Departments that will have no increase at all, then announced that the Department for Education and Skills would receive the lion's share of the increase. We welcome those additional resources, but, as several of my hon. Friends have pointed out, it has been this Chancellor's biggest single failure that he has not secured the reform that needs to accompany them.

Anyone who questions that judgment needs to come down to my constituency of Sevenoaks, where another 20 beds have been taken out of commission at Sevenoaks hospital because the primary care trust has run into deficit. They should come and talk to Kent police, whose so far successful investigation into the Tonbridge robbery has been distracted by the Government's ill-thought-out proposal to merge them with the Surrey and Sussex forces, which was finally postponed only yesterday. They should also come and meet the district and county councillors who want to deliver public services but who are now at loggerheads, wondering what the future bureaucratic structure to be inflicted on them will bring.

None of this bureaucratic tinkering with NHS trusts, ambulance trusts, strategic health authorities, police authorities and district councils will directly benefit patients, victims of crime or council tax payers. On the contrary, all that we can be sure of is that this top-down,

bureaucratic, Whitehall-driven reform will impose extra cost and distract those local services from doing the job of servicing their local community.

Edward Miliband: I know what a well-informed expert on these economic matters the hon. Gentleman is, sitting as he has done on the Treasury Committee for a number of years. On the subject of depressing speeches, however, I am surprised at some of the things that he has said. Will he not concede that the extra investment that the Government have put in—such as the increase in investment in schools that the Chancellor mentioned today—has made a difference in his own constituency?

Mr. Fallon: Yes, I certainly concede that, and I welcome the extra spending on education—as a former Education Minister, I could do no less.

As I was saying, I get depressed listening to some Labour Members' speeches, and to quite a lot of the Chancellor's speech. Of course we welcome elements of public spending, and I particularly welcome the reform to channel more and more education spending outside local councils direct to schools. As someone who initiated local management of schools for all primary schools in this country, I welcome the increase in the direct grant to the head teachers concerned. The overall judgment needs to be questioned, however, and that it the Opposition's job.

Before I gave way, I was discussing the failure to secure real reform to match some of the welcome increases in public expenditure. We heard no more today about the necessary reform to public sector pensions. We hear that discussions continue behind the scenes with the different trade unions, driven through different Departments of State. But we heard no announcement today about how the balance will be redressed between current and future members of public sector pension schemes, and between those who benefit from public sector pension schemes, as we do in the House, and those who have to rely on private provision.

We heard little from the Chancellor about the general drive for efficiency savings. There was the odd mention of Gershon, but no substantiation of the savings that we can now expect, and no justification of some of the original targets. The Treasury Committee will look for much harder evidence that those efficiency savings can be captured, quantified and delivered in the shape of more efficient public services. We heard little today about more local empowerment. We did not hear about reforming working practices, more local pay, really sorting out the delivery of those services at the sharp end or helping to enfranchise police area commanders, hospital managers and head teachers.

This is the Chancellor's 10th Budget. My real regret is that he appears to have learned nothing from the failures of the previous nine Budgets. Whether or not this Budget will help propel him further into Downing street, I do not know. I do know, however, that the country will continue to be the worse off for the mistakes that he has made and the arrogance with which he refuses to recognise them.

5.2 pm

Alan Simpson (Nottingham, South) (Lab): Budget debates are often conducted within a strange sense of time. The short term is about whether the Budget will survive the press headlines and analysis tomorrow. The medium term is defined as how the Budget will look in a month or a year's time. The long term is the end of this Parliament. Anything beyond that is infinity. The difficulty for our constituents is that they have a different sense of time, of the critical issues that face them today, and of issues that Government and Parliament must address in the years ahead, in their working lives and the lives of their children. Against some of those measures, I want to reflect on some of the matters that were not dealt with in today's Budget.

Sadly, the shortest of short-term considerations—fending off the press and seeing off the Opposition—has almost been dealt with by the Leader of the Opposition. I was astonished by his speech, which was lamentable. It was almost as though he had set out to send himself off. It was an apology for his existence rather than a bid for the intellectual leadership of the nation. In that sense, the challenge to the Chancellor's Budget from the Opposition petered out before it began.

Other challenges are waiting, however, beyond the Opposition Benches and tomorrow's press headlines. Those challenges are what Parliament must do to build a society and economy that will survive sustainably in the decades ahead and that will meet the current challenges and crises facing society. I make no apologies for saying that that is the entire focus of what I hope will be my Budget contribution.

The Tories made some interesting comments. They spoke of a Labour Budget disregarding wealth creation and being indifferent to productivity, and said that those were the cutting edges of the economy that they defended and we ignored. I refer Members to a book that will come out within the next week called "Rich Britain", by Stewart Lansley. It is an analysis of the current state of wealth distribution in the United Kingdom. Among its key observations is that 25 years ago Britain was one of the most equal societies in the developed world, but now we are one of the most unequal. In the years since 1990, the number of people sitting on assets of more than £100 million has increased fivefold. Twenty years ago, the income gap between the chief executive of one of our FTSE 100 companies and the average worker in that company was a factor of 25. Today, the earnings gap has risen to 120. That is the wealth divide that has opened up in our society.

Greg Clark: The Prime Minister famously said that he had no interest in the earnings of David Beckham. Does the hon. Gentleman share the Prime Minister's view?

Alan Simpson: No, I do not, and I think that it is a mistake to presume that earnings in the richest part of society are not a zero sum game. That is one of the great myths that is debunked in the book that I mentioned. It has always been argued that if the superrich are allowed to be superrich, they will somehow engender a dynamic in the economy that will drag everyone else's earnings along with theirs.

David Taylor: Trickle-down.

Alan Simpson: Yes, it is the trickle-down approach to economics, but the figures do not justify the claim.

[Alan Simpson]

Two studies paint a picture of the actual state of affairs. The Institute for Fiscal Studies recently produced a report showing that Britain has one of the lowest rates of innovation compared with our main competitors in the industrial world. We also rank 15th among the 30 richest countries in terms of productivity growth. There is little evidence to suggest that the freeing up of wealth acquisition among the wealthiest is delivering the productivity gains that Members would like to see, or to claim.

Mr. Graham Stuart: Does the hon. Gentleman accept that the countries that are being innovative and have the most dynamic economies have not adopted the Soviet-type policy that almost underlies his comments, but apply lower taxes? Ireland, for instance, wants to reduce corporation tax. Companies setting up there are now contributing in a major way to Irish tax coffers, and hence to schools and hospitals.

Alan Simpson: Other Members would say that what underpins the dynamism of the southern Ireland economy is the number of subsidies that it has received from the European Union. That is what allows such investment and relocation to take place. In many ways, those subsidies are merely relocation bribes—they are not necessarily about productivity gains. The notion that if taxes on the rich are reduced wealth will flow to society as a whole is pure mythology.

The other study that I wanted to mention was conducted by Manchester university and relates to our thinking about economics and productivity in this country. It reveals that the top company heads in the United Kingdom have enjoyed pay increases that bear no relation to any benchmark or cross-section of productivity measures against which they could be justified. The study refers to a culture of "value skimming" among senior management in UK industries. It says that

"top managers in giant firms appear to be an averagely ineffectual officer class who do, however, know how to look after themselves".

They do not create wealth; they simply become incredibly skilful at pocketing it.

Nowhere is such a culture more apparent than in the management of the water industry, a critical issue to which I now turn. Today is world water day, which is an interesting benchmark for the House. No mention was made of it in the Budget. It comes at a time when 12 million households in the UK, mainly in southern England, have been told that they are likely to face hosepipe bans and water restrictions during the summer, and when the UK water industries—the companies responsible for water management—are haemorrhaging 4.7 billion litres into the drains through unrepaired leaks every single day of the year. That is enough water to meet the needs of 14.5 million households. The scale of inefficiency in the management of the water supply is breathtaking and it will certainly be neither welcomed nor understood by any of those who face hosepipe bans and water restrictions.

Despite that crisis, the rate of leakage reduction has fallen in the past five years. However, the rate of self-reward, profits and distributed dividends has risen. Dividend rates in the UK water industry are now four times higher than those of our European counterparts. Last year, executive pay in the water industry increased by 31 per cent.—at a time when leakages were becoming colossal. Now, the industry is asking the country as a whole for some form of restraint in order to manage its way out of the crisis, but such restraint has nothing to do with the rewards that those in the industry pay themselves. We have created a water service delivery culture in which companies are pouring water down the drain, and in which that rate of loss is matched only by the rate at which they pour money into their own pockets.

Richard Younger-Ross: I have a great deal of sympathy with the point that the hon. Gentleman is making. Does he accept that there is an inequality in this regard? In some areas, the price paid by people for so-called improvements to the water supply—improvements that they are not seeing—has risen exponentially. In areas such as the south-west, the water rates and the council tax combined account for more than 25 per cent. of some pensioners' income. That is unsustainable for the poorest in our society—those on fixed incomes and pensions—particularly given that, as the hon. Gentleman says, there are those who are making large profits out of the water industry.

Alan Simpson: The hon. Gentleman makes an important point, and Members in all parts of the House who have long campaigned for recognition of the concept of fuel poverty are beginning to understand that water poverty could be no less a threat to the poorest and most vulnerable in our society.

It is obscene to have such a crisis of affordability and access at a time when the levels of self-reward in these privatised industries have gone through the roof. This is indeed almost a national obscenity, so it is indefensible for us, as a Government, not to intervene. We should say, for instance, that water companies can pay no bonuses until they have met the European average for water losses, which is 5 per cent. At present, we are losing almost 25 per cent. of our water supply. Why should we create a market that allows executives to reward themselves, but which cannot deliver a consistent water supply to the public?

David Taylor: My hon. Friend and regional near neighbour paints an accurate picture of water companies' incompetence in tackling water leaks, and of their directors' greed in filling their pockets. Does he agree that such behaviour sometimes tips over into the fraud and dishonesty exhibited by Severn Trent plc, the privatised utility that serves both of our constituencies, which provided fraudulent figures to justify very significant increases in water supply charges? Is not that an appalling thing to do to people in poorer circumstances?

Alan Simpson: I think that it is. As an observation, I want to say that the impetus to attempt to cheat the public and the regulator by providing false information is a direct consequence of the fact that responsibility for ensuring that services are of high quality and that accounting is honest has been pushed away from Government. We now express surprise that pushing that

responsibility away to arm's length should have engendered a culture of cheating and dishonesty, but we are reaping the harvest of the mistaken belief that throwing assets out to the private sector would lead to that sector delivering social gain. What has happened, in fact, is that it has delivered social greed.

At the same time, hon. Members are lobbied, in the House and in our constituencies, by people who have been punished not for pursuing policies of greed, but for acting in a responsible manner. I am referring to the 85,000 people who have had their pensions stolen. I spoke earlier about the lack of wisdom of using pensions savings for speculative purposes, but the people who have suffered are the ones who did as successive Governments, of all parties, asked them to do. They put money into pension schemes so that their retirement years would be properly provided for, and we have a moral duty to ensure that that money is paid back. We need people to believe in saving for their pensions, but that has to be underpinned by a cast-iron guarantee that those savings cannot be stolen.

If people choose to cash in their pension savings and subsequently squander the money on speculation, that is their tough luck. However, I believe that it is a criminal offence to cause people to lose out after a lifetime of regular saving into a pension scheme. An offence like that must be redressed in full. How such redress is achieved is, in part, a responsibility for the Chancellor and the Government.

The cost of full repayment is put at £15 billion over 60 years, but the House will soon be asked to make a decision about renewing the Trident nuclear weapons system at a similar cost. I would much prefer the money to be used to redress the difficulties faced by people whose pensions have been nuked rather than to pay for a weapons system that is likely to be used to nuke the lives and prospects of other people.

That choice is the language of priorities. Aneurin Bevan always said that being in government required us to make key decisions of that sort. Restoring the stolen pensions is part of creating the platform of credibility on which we will restore people's belief in the sanctity and security of pensions and pension contributions.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) spoke about the need to restore the value of the state pension and its link with earnings. That is another aspect of the matter, and would cost about £7.3 billion. On the figures that I mentioned in relation to the gap in terms of self-rewards among the corporate rich, if we were to have a windfall tax on executive bonuses and profits, that would bring in £3.75 billion a year. If we were to impose a similar tax on executive share options, that would cover the rest of the gap in relation to what is required to restore pensions and their link with earnings.

Mr. Graham Stuart: In a globalised world, which the hon. Gentleman may regret, the high earning individuals to whom he refers will simply go to another financial centre and set up in another country and none of the money will go into our coffers. Surely even he can see that that might be counter-productive.

Alan Simpson: No, I do not think that that is so at all. Let us consider what this country produces. I go back to a point made from the Conservative Benches. If we want to begin with the question of the creation of wealth, it is fair to say that there are a few dynamic entrepreneurs in the UK who have not only invented things to make, but have gone on to produce them. We ought to consider how to reconnect with support for domestic manufacturing. Many of the countries that are far more successful than we are at that are in that position because they have much more interventionist policies in their markets. There is a presumption that it is not enough to talk about inventions if one does not create the domestic circumstances in which those inventions have markets.

That is the point that I want to come to on the climate change challenge. One of the big criticisms that we hear from the parts of the manufacturing industry in the UK that are involved in the development of new technologies and sustainable energy systems is that we should look at what is happening in other parts of Europe. The Governments of those countries have created a market in sustainable energy systems and renewable technologies because they have changed the rules and financial subsidies in relation to those markets. Germany is streets ahead of the UK in doing that. It has captured 15 per cent. of the world market in renewable technologies because its firms have a domestic market in which to sell. In Berlin, 80 per cent. of all new buildings that are going up are generating their own energy. Is that just a foible of Berliners? The answer is no. The market rules about buy-back pricing of electricity were changed so that people get back four times the price for energy they generate in relation to the cost of energy that they take from the system. Of course, that transforms the way in which energy suppliers begin to look at the energy market.

I just happen to have completed my own eco-house, which will generate more energy than it consumes and which puts the surplus back into the national grid, but it is a crap deal. For every £1 of energy that I put into the system, it will cost me £7 to get it back. That is the nature of a rigged market. We can change the nature of that market so that there is less sense of theft and a dash for cash in the present and so that we have a market that genuinely invests to deliver in a sustainable way for the future. The rules are not God-given; they are Government-created. One can create competitive markets, but on a different presumption.

In that sense, when we talk about the need for liberalised markets, I would just point out that, in the UK, in a liberalised market mentality, we are currently paying more for our energy supplies than our European competitors. The best point of comparison is Denmark. In 1970, after the last oil crisis, it looked at the short-term pressures, realised that it needed to come up with long-term solutions and began to invest systematically in decentralised energy systems. It did so knowing what most people in today's UK energy sector know: we have a monumentally inefficient national grid energy supply system. Some 70 per cent. of the energy input is lost in energy production or transmission. In Denmark and the Netherlands, decentralised energy systems, using co-generation techniques of combined heat and power, are 90 to 95 per cent. efficient. Those countries recognised that they could meet their energy needs, and their energy security needs, through decentralised energy systems using the energy that we throw away.

[Alan Simpson]

Why do we not take the opportunity to change the fiscal rules relating to energy markets to allow a paradigm shift, not into the absurdity of a new generation of nuclear power stations or the presumption that we are under some obligation to prop up a grossly inefficient national grid, but in the way we think about energy generation and supply? The Dutch are building roads that incorporate solar power generation so that the energy needs of 400 houses can be met by every new kilometre of motorway. Why are they doing it, but we are not? It is because their Government intervene to structure the market towards renewables rather than short-term consumption or profit generation.

Mr. Vaizey: I have listened to the hon. Gentleman's speech with intense interest and, if I had the opportunity, I would reply to it in detail, not least because Thames Water is planning to build a reservoir in my constituency and because I have had the Thames Valley energy centre round to my home to reduce my emissions. I hope that the hon. Gentleman will put on his website the details of how he created an eco-home. I completely agree with him about fiscal rules. Will he congratulate Braintree council, a Conservative council that has reduced council tax for energy-efficient homes? Does he also agree that the Government could ensure that all new homes meet the highest environmental standards possible? It is in their hands to do that today.

Alan Simpson: The Government could do that and I would encourage them to do so. They could require new homes to meet not only the decent homes standards, but the standards that are being set for other parts of Europe, which are considerably higher than the decent homes standards. Those new standards make our requirements seem like the last generation.

The reality in the UK is that 80 per cent. of the population is likely to live their lives in 80 per cent. of the existing stock. The question is what we do about those who are living in existing housing stock. That position is profoundly affected by other changes. Since 2003, gas prices under British Gas have risen by 80 per cent., and its electricity prices have risen by 38 per cent. The incomes of the fuel poor have risen by nothing like that amount. I am proud of the fact that my Labour Government made the first legally binding undertaking to eradicate fuel poverty in this country. I am proud of the initiatives that have been adopted under the warm homes programme, but the recent burgeoning of oil and gas prices is taking people back into fuel poverty far faster than the programme is lifting them out of it.

By 2003, we had reduced the numbers of households in extreme fuel poverty to some 1 million. We were on track to eliminate fuel poverty in the most vulnerable households by 2010. As matters stand, the figure has risen to 2.7 million and is projected to exceed 3 million by the end of the year. The only way to reverse that is through a step change in intervention in the market, both to reward those who are able to adopt energy conservation measures in their own homes and to require standards to be met by those who wish to lease out properties and those who are building properties that are energy guzzlers, rather than energy generators.

David Howarth (Cambridge) (LD): Does the hon. Gentleman accept that the Government could have effected energy efficiency in existing houses at the 80 per cent. to which he referred if they had decided to apply the new part L of the building regulations to house extensions? However, the Red Book confirms that they are not prepared to do that.

Alan Simpson: That is certainly one measure that could have been used, but not the only one. As has been suggested, we could tie such a provision to exemptions or reductions in council tax, to stamp duty or to licensing for rented houses of multiple occupancy, all of which could be conditional on energy efficiency. However, there is a cost involved. We need to be honest about that and take the cost on the chin now, because the cost of not using energy efficiently will be paid in people's lives. That is the real challenge against which this Budget and future Budgets will increasingly be judged. To what extent will we offer more than lip service to making profound, demanding, changes in energy costs or climate change that affect people's lives or their ability to stay alive? All future Budgets will have to be judged against those criteria.

I have a final observation about the experience of building my house. It feels morally uplifting to have done that—

Mr. Vaizey: Put it on your website.

Alan Simpson: The architect and I will have lots of fun doing just that.

One of the things that experience taught me is that there are no individual solutions. My contribution to energy generation would be infinitely more efficient if it could be fed into a decentralised energy system for Nottingham, in which co-generation—the interaction between the energy needs and energy generation of houses, shops and businesses—was part of an integrated whole. We shall achieve that only when fiscal measures make such a shift possible. That is an admission of the limits of the contribution I can claim in lightening the ecological footprint of my existence on the planet. My contribution would be much more significant if my footprint was lightened alongside others and in conjunction with them.

In budgetary terms, we need to look at the management of markets and the management and deployment of fiscal incentives on energy. Recently, we handed out a public, taxpayer subsidy to clear up the £85 billion waste management costs of the last generation of nuclear power stations. Soon, we shall be asked to believe that there will be no similar costs in future for a subsequent generation. I have to say to the Chancellor, his colleagues and colleagues on both sides of the House that the public, taxpayer subsidy for that next round of follies would run off with the budget for all the other interventions that would bring about fundamental change towards a sustainable energy system for the UK in the 21st century.

Mr. Vaizey: The use of that figure in relation to nuclear new-build is extremely disingenuous. That was a historic cost; there is no doubt that the generation and disposal of waste was shockingly bad 30 or 40 years ago, but that would not be the case now. Those who oppose nuclear new-build tend to compare what we could build

now with what we built in the past, but in fact that would be the equivalent of buying a 1970s Ford Cortina, whereas nuclear new-build now is the equivalent of buying a Toyota Prius. Does the hon. Gentleman agree?

Alan Simpson: No, I do not agree; nor does the Sustainable Development Commission or Greenpeace. Those who consider the issue say that, as soon as we start to scrutinise the cost element of what the nuclear industry wants, we are back into the same old game. I remind the House that, when we were there first time, the House and the public were promised atoms for free. We have been paying for that deception ever since, and we would do so again. My caution is that, if we go down that path, all the money that the Chancellor would have to play with for a shift towards renewables and decentralised energy would be hijacked and put into the pockets of the nuclear industry once again. That will not meet our energy security or supply needs.

My final point on energy and the carbon consequences of how we run the economy is to echo the sense of sadness that aviation duties were not mentioned in the Budget. Some colleagues say that those duties are covered by international agreements and that we are pushing forward with the plans for emissions trading, but I would add a word of caution. We need to look carefully at what emissions trading is about. With all other aspects of pollution trading, the real danger is that a market in non-goods is created. Some of the greatest enthusiasts for emissions trading schemes are in the City of London, and they see themselves as making large fortunes out of their brokerage roles in the trade in non-goods.

In aviation, it is far simpler to consider non-tradable duties. It would be very simple to calculate the current carbon miles impact of flights from all UK airports in the past year. We could set that as a quota for them, and we could say that the UK regime will be to reduce every airport's quota by 5 per cent. a year. Airports could specify that priority will be given to higher efficiency aircraft or shorter flights, with higher passenger usage or shorter cargo trips, all of which reduce the carbon content of passenger miles and food miles. We must engage in that scale of shift in the next 10 years if we are remotely likely to manage our way through the climate change that will happen. We can do that if we intervene to set those climate change duties in fiscal terms that define a different shape of aviation market.

All Budgets are really expressions of solidarity, to a greater or lesser extent. They are transfers in society. They represent the extent to which a society will take elements of the wealth generated today by those in work and redistribute it to those out of work. They are transfers from one generation to another in determining how people in work today meet the pension needs of those who are retired and the needs of our children in the future. They are transfers from one region to another and from one section of society to another.

It would be possible for the House, in solidarity, to have a Budget that wrote off the NHS deficit and scrapped prescription charges, which would cost us £1.2 billion. We could do that if, for instance, we transferred the costs of our current military occupation of Iraq and Afghanistan, which currently comes to £1.3 billion a year. It would be possible for us to have a Budget that guaranteed that we delivered the decent homes standard, with a bill of £7 billion, by setting defence spending to the European average. We could change the fiscal rules of the energy markets to create sustainable markets and decentralised energy networks in the way that I have described. We could restore faith in pensions and pension saving by restoring the state pension and repaying stolen pensions with a tax on dividends and executive pay for gross inefficiencies in delivery.

All that would be drawing back the nation's wealth, not from those who have created it, but from those who have been involved in a process of wealth annexation. That, for me, is what Governments of whatever hue will be asked to do if we are to meet the needs of social cohesion and environmental stability in this country in the years and decades ahead. I hope that we have a Labour Chancellor who will not lack the courage to face up to that challenge and deliver those answers, if not in this Budget, in the Budgets ahead, regardless of whether he does so as the Chancellor or whether he aspires to do so as leader of the parliamentary Labour party.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. We now have little more than an hour for the debate. Hon. Members have patiently waited to deliver their speeches, so I hope that the remaining speeches will be brief so that they can all contribute to the debate.

5.40 pm

Greg Clark (Tunbridge Wells) (Con): It is a privilege to follow the thoughtful speech made by the hon. Member for Nottingham, South (Alan Simpson). Perhaps I should pay tribute to the Chancellor for his 10th Budget statement because delivering 10 Budgets in a row is not to be sneezed at. His statement seemed very familiar in some ways. Perhaps it is like an ageing rock star taking his greatest hits on tour year after year, albeit with a slightly dwindling audience, at least on the Labour Benches. I pay tribute to the Chancellor for his achievement.

When I started my career in business, I worked for the Boston Consulting Group. A few days after joining the company I was sent to south America to investigate the market for breathing apparatus among fire brigades in the Argentinean pampas—it was a fairly exotic mission. Owing to long flights and delays, I had little time after getting back before I was required to present my report to our client. Just before we were about to do that, the senior partner called me into his office and looked at my report. He jabbed an accusing finger at a number in the document that he chose at random and said, "Greg, how did you come by that figure?" I was required to explain how I derived the calculation and, fortunately, I passed the test because I was able to explain exactly where it had come from. The senior partner was making an important point because if I had not been able to give an explanation, no other figure in my report would have been of any worth whatsoever. If I could not explain every figure, there was no point presenting the report to the client at all.

When I came to the House, I assumed that there was a similar process when the Chancellor of the Exchequer presented figures in his annual Budget to Parliament. I

[Greg Clark]

assumed that there was an equivalent of the senior partner who went through the Budget figures. It might have been that the Chancellor himself asked his officials who are in the Box today how the figures were derived. If not, perhaps the Prime Minister had the papers laid out on the Cabinet table and, pointing to a figure, said, "Gordon, how did you get to that number?" Whatever the process, I assumed that if a report on breathing apparatus in Argentina could merit such scrutiny, anything presented to the House by the Chancellor of the Exchequer in the annual Budget should merit exactly the same treatment.

I was thus interested when the Chancellor said earlier this afternoon that savings of £6 billion had been secured from the Gershon efficiency review. That is extremely important because any Government have two duties: first, to advance new policies that will reform and change the country in which we live; and, secondly, to manage effectively the public services and administrative activities that are in the remit of the Government. Both duties are equally important, and the Gershon review goes to the heart of the second one. It is absolutely crucial that public services are run effectively and efficiently at the minimum cost to the public, not least because any savings that are made can be reinvested in services, can promote the greater quality of those services, or can be returned to the public through tax cuts. It is thus important that the numbers are right, and the work of the Public Accounts Committee, on which I serve, is very much geared to that end.

However, when the Chancellor announced his £6 billion figure, it called to mind an earlier claim that he had made about Gershon savings. The Committee examined that. The right hon. Gentleman made the same claim in his Budget speech last year when he said:

"I can report—ahead of target—the first £2 billion value-for-money Gershon savings".—[*Official Report*, 16 March 2005; Vol. 432, c. 260.]

The trouble is that having looked into the basis of those savings, the National Audit Office found that they collapsed under scrutiny. The report published in February of this year said:

"we conclude that most of the efficiency"

savings

"announced in March 2005"—

in other words, by the Chancellor in the Budget—

"were not based on clear audit trails and, from our understanding of the process through which the gains were collated, were not subject to adequate challenge by the Office of Government Commerce."

That concerned me, and I was interested to find out what the exact process was that resulted in the savings.

The inquiries that I made shocked me. So disbelieving was I that they could be true that when the Public Accounts Committee examined the Office of Government Commerce and the NAO on its report, I put to John Oughton, who heads the OGC, what I understood the process to be. I said at the Committee's hearing:

"As I understand it, the process of collating this information involved the Treasury ringing round departments asking what savings they could offer up in time to be mentioned in the Budget with no checks at all."

John Oughton said:

"That is an accurate statement of the gains as they were reported in the spring of 2005."

I may have been naive in my illusions about the process, and perhaps I expected the equivalent of my senior partner to be there, jabbing his accusing finger at the numbers, but for the NAO to discover that only half the savings stood up to scrutiny, and for the head of the Office of Government Commerce to be forced to admit that, is shocking.

That is not the only basis for concern about the numbers presented in the Chancellor's speech. Just as my presentation on breathing apparatus in the Argentinean pampas collapsed if one figure was found to be wrong, how can we have confidence in any of the many figures that he presented if the history of their scrutiny shows that they fall away beneath our gaze?

The hearing also raised worrying questions about the substance of the Gershon review. I do not want to make political points about the review as an appropriate subject on which the Government should take a view. I genuinely think that it is extremely important, but the NAO advised us that commercial organisations might expect in an efficiency drive to identify about 10 per cent. of the relevant administrative costs as savings. The Gershon review proposed savings of only 2.5 per cent. I do not quibble with that; I merely compare it with practice in commercial organisations. However, it is important to achieve even that modest level.

Again, when the NAO looked closely at the Gershon review, it discovered that most of the savings accounted for in the £21.5 billion ultimate total from Gershon came from projects that had started before the review was conceived. It is stretching credulity to regard them as being Gershon savings; that is what the NAO found. When I questioned the Comptroller and Auditor General in the PAC on his assessment of the quantity of new money—the real savings that were being made under Gershon—I discovered something even more shocking.

The NAO established a sum of 20 projects under the Gershon review that it looked at in detail. That sample was designed—I asked Sir John Bourn about it directly—to be representative of the whole, as is any sample. Any auditor would choose a sample on that basis, and Sir John confirmed that. Of that sample, the NAO was able to say that, of the ongoing efficiency savings, only between one and three were in any sense new and engaged in subsequent to the commissioning of the Gershon review. On the basis of that sample, 85 per cent. of the funding improvements that the Chancellor presented last year and, indeed, this year as possible do not merit the flourish that he gave them. They were the normal, embedded efficiency savings that Departments were already engaging in. That again gave me great cause for concern.

The final point that I wanted to raise in this Budget debate, since the Chancellor chose to talk about having achieved £6 billion-worth of Gershon efficiency savings, is their reliability and robustness. The Office of Government Commerce helpfully makes an assessment of the deliverability of each of the savings by Department, and ranks them in four categories. Red means that there are grave concerns about deliverability, and green that there are good prospects that the savings will be delivered.

The NAO had access to that information and helpfully reproduced in a series of pie charts in its report how many projects fell into each of the four categories of deliverability. It was drawn to my attention that there seemed to be a misprint in the charts, because there were only three segments to the pie. It was only on looking at the small print to the key to the table that it became apparent that that was so because, as at December 2005, there were no projects in any Department that were rated green as having good prospects of being delivered. Therefore, far from the Chancellor's being able to bank on, boast about and flourish the £21.5 billion-worth of savings in his Budget statements, the truth is that there is extreme risk that they will be delivered. The evidence for that is reported by the Office of Government Commerce itself.

In reviewing the question, the NAO said:

"We have significant concerns over whether the adopted measurement methodologies can be relied upon to substantiate efficiency gains effectively . . . Only a few departments recognise the potential risks from double-counting, cost-shifting and additional operational costs."

Far from being numbers that can be relied on, that are cast iron and that have the imprimatur of the Chancellor, as I assumed if reported in a Budget, they are deeply suspect and so should be treated with the greatest of suspicion.

What is to be done about this? I would have hoped that the Chancellor might exercise the senior partner role and interrogate the figures. He could have taken them to the Prime Minister, who could have asked some searching questions—although the Chancellor might have asked some searching questions of the Prime Minister, so perhaps that conversation was not going to happen. In the presence of such difficulties, who better to certify that the numbers are above board and accurate than the Comptroller and Auditor General—the head of the National Audit Office, Sir John Bourn?

All Members would recognise that Sir John is an unimpeachable figure of great expertise and familiarity with Government figures. Indeed, he has published today an audit of assumptions on the forecasts in the Budget. The Red Book lists at great length the assurances that he has been able to give on factors such as the dating of the cycle, privatisation proceeds, the trend rate of GDP growth, UK claimant unemployment, interest rates, equity prices, VAT receipts and so on. Sir John Bourn rightly signed off those variables as above board and put them into the public domain. What more reasonable request could there be than to ask that he look at and validate Gershon efficiency savings before they are deployed by the Chancellor? I urged the Chancellor to do so at the last Treasury questions, suggesting that there was plenty of time before the Budget to ask Sir John to look at the savings. I raised the matter at a hearing of the Public Accounts Committee, and Sir John told me that he was ready, willing and able to conduct such an audit before the Budget. He said, too, that it would be a good idea to provide that assurance to the House.

The Chancellor cited £6 billion of Gershon savings today. I rang Sir John Bourn this morning to see whether the Chancellor had availed himself of his kind offer. I am afraid that Sir John is probably still waiting by the phone, as his invitation has not been taken up. Once again, the numbers that the Chancellor presented as definitive Gershon savings have not been signed off by the National Audit Office. On previous form, the House must regard them as provisional and treat them with grave suspicion.

5.56 pm

Mr. Brooks Newmark (Braintree) (Con): Listening to the Chancellor's Budget one would think that he was living in a parallel universe, not the real world. I became an MP last May, and the House will not be surprised that, as a business man turned politician, I will look at the Budget from the perspective of a business man. I draw Members' attention to my list of interests in the Register of Members' Interests.

While it is tempting to undertake a SWOT analysis of the Budget, I would prefer to look at it in a different context. How well prepared is Britain or UK plc to meet the competitive challenges posed by fast-developing countries such as India and China—an issue acknowledged by the Chancellor? Turning first to the economy, I assume that the Chancellor's heading for the 2006 Budget—"A strong and strengthening economy"—is ironic, because the evidence indicates otherwise. After he downgraded his growth forecast twice last year, UK growth was finally estimated to be 1.8 per cent., which is significantly below the growth rates of China, India and the United States. Moreover, we came a poor 19th among 25 EU member states.

In the World Economic Forum league of competitiveness, we dropped from fourth to 13th. Not surprisingly, we face a record trade deficit of £47 million. Businesses are voting with their feet, as they face increasingly inflexible markets, greater regulation and higher taxes. Google and Apple—the businesses of the future—have both chosen to set up their operations in Ireland rather than the UK. Productivity growth is now only 0.4 per cent.—the lowest in more than 15 years. Worse still, public productivity, as we have heard, is falling. Business investment, which fell to 9.1 per cent. of GDP in the last quarter of 2005, is now the lowest since 1965. Overall, the Chancellor is failing on all the long-term drivers of prosperity.

Rob Marris: I am listening with interest to the hon. Gentleman. Of course not all the economic indicators are as positive as we would wish, but I point out to him, first, that as I said in my speech, in gross national income per capita we have gone from seventh out of seven in the G7 to second out of seven. Secondly, on investment in Ireland and so on, I point out to the hon. Gentleman that last year the UK was the top in the world for foreign direct investment. That is encouraging as a reflection of foreigners' views about the UK as a place to do business, where, like the hon. Gentleman, I did business as a business person before I was elected.

Mr. Newmark: I appreciate the hon. Gentleman's comments, but the indications are that businesses are voting with their feet. When they have a choice, they are not choosing to come to the United Kingdom. They are choosing to go to Ireland, and we can learn the lessons from Ireland. Because it is now a low tax economy and has a flexible labour market, it is attracting the new businesses. We should take that in hand.

If we are to prepare ourselves to face the competition posed by the Chinas and Indias of the world, we must, as everyone agrees, have a well educated work force able

[Mr. Newmark]

to meet the challenges of the 21st century. I congratulate the Chancellor on dealing with this aspect. The extra 1 per cent. that he has added to the education budget—I believe it is £440 million—is welcomed by the Opposition as well.

Mr. Kevan Jones: I am listening carefully to the hon. Gentleman's remarks about education and the importance that he attaches to it. I know that he is new to the House, but can he tell me why, on every occasion that the Government have voted extra investment for education, his party has opposed it?

Mr. Newmark: I will answer that briefly. It is because of the use of the word "investment". Our complaint is directed largely at the expenditure on the bureaucracy that lies behind education, not at the infrastructure. The infrastructure is important, and I acknowledge that.

Perhaps the biggest indictment of all is that the number of adults without basic literacy and numeracy is not shrinking, as the Government would have us believe, but is growing by more than 100,000 a year, with almost a third of 16-year-olds still leaving school without achieving 5 A to C passes. We should be supporting our centres of excellence, such as the chemistry department at Sussex university, not abandoning them. We should be encouraging our children to learn languages such as Chinese, for that is where our future lies.

On savings and pensions, as far back as 1995 the Chancellor stated:

"We will never raise the levels of investment in our economy if we do not encourage savings",

yet our savings culture has been eroded dramatically since Labour came to power. The savings ratio has almost halved since 1997. Worse still, the Chancellor has continued to undermine our pension system. As my right hon. Friend the Member for Witney (Mr. Cameron) mentioned, the right hon. Member for Birkenhead (Mr. Field) was kind enough to remind us that

"when Labour came to office we had one of the strongest pension provisions in Europe, and now probably we have some of the weakest."

Why is that? Because the Chancellor has insisted on taxing pension funds to the tune of £5 billion each and every year. That is almost £50 billion since Labour came to power.

Back in 1993 the Chancellor said:

"I want the . . . end of the means test for our elderly people",

yet nearly half of all pensioners are subject to means-testing.

In any assessment of our relative economic strength we should look at the state of our public finances. The Chancellor continually spends more than planned, with the result that he has had to fiddle his own fiscal rules not once, but twice since the last Budget just to avoid breaking his own golden rule. Despite moving the goalposts twice, the Chancellor still went into deficit in the fourth quarter of 2005.

Part of the problem lies in the Chancellor's inability simply to budget, which means controlling expenditure, and accurately to predict money coming in and money going out. As Mr. Micawber said:

"Annual income twenty pounds, annual expenditure nineteen nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery."

An example of that shortcoming is the Chancellor's varying predictions of the public sector net borrowing requirement. In 2001, he predicted the need to borrow £12 billion in the fiscal year 2005. In 2002, the figure was revised upwards to £19 billion. In 2003, it was revised upwards to £30 billion. In 2004, it was revised upwards to £33 billion. Finally, in 2005, it was revised upwards to £35 billion. Frankly, Mystic Meg would do a better job of forecasting than the Chancellor.

Mr. Mark Todd (South Derbyshire) (Lab): The hon. Gentleman has not been in this House as long as me and therefore did not sit through the first Parliament of this Labour Government, in which the Chancellor consistently underestimated the state of the public finances. *[Interruption.]* That was another fault, but perhaps he would commend it. I ask him to reflect on public debt as a percentage of GDP, because I should have thought that he would commend the Government's record as being competitive compared with that of most other major nations.

Mr. Newmark: I congratulate the hon. Gentleman on his foresight, because I am about to address that topic. Perhaps most pernicious of all is the state of Government debt. The Chancellor has continued to hide extra Government debt off balance sheet in order to avoid breaking his own sustainable investment rule. The headline figure used for public sector net debt is £436 billion, which is 35 per cent. of GDP. That headline figure is attractive, but the reality is that each and every year the Chancellor is hiding more and more debt off balance sheet—up to £850 billion at the last count. The real public sector net debt figure could be as high as £1.3 trillion, of which roughly £450 billion is on balance sheet and £850 billion is off balance sheet. That is a staggering 105 per cent. of GDP. For every £1 that the Chancellor is willing to show on balance sheet, he is now hiding £2 off balance sheet.

Back in 1998, the Chancellor promised that he would

"enhance economic stability by ensuring that fiscal and debt management policy operate in accordance with the principles of transparency, stability, responsibility, efficiency and fairness."

Although I would not go as far as to call the Chancellor's off-balance-sheet manoeuvrings Enron-style accounting, because they are technically legitimate, that form of accounting is patently not transparent, carries many risks and falls short of the standards required in the private sector. Only four weeks ago, London and Continental Railway's debt of £5 billion had to be reclassified as on balance sheet. Is this just the tip of the iceberg? I suggest that the Chancellor should heed the words of Dr. Johnson:

"whatever you have, spend less."

Rob Marris: I thank the hon. Gentleman for his usual generosity in giving way. He has discussed being in business, and I have discussed being in business: if my business were to sign a 21-year lease at £20,000 a year,

we would not show it in our accounts as a contingent liability of £420,000, but that is what he is doing when he adds up all the liabilities that fall due over a long period of time—in particular, pensions—and produces a present-day figure of £1.3 trillion, which is not how it would be done in business. I agree with him about transparency, but I suggest that he is over-egging his case by putting 50 years of liability into one year, which is not helpful.

Mr. Newmark: I beg to differ from the hon. Gentleman, because the calculation depends on the rate used to discount public sector liabilities, particularly pensions. If one uses the long gilt rate—it does not matter whether one uses 1.2 or 1.8 per cent.—one ends up with a very big figure. I have used a discount rate to produce a credible figure, which is not cumulative.

In the 2006 Budget, the Chancellor has once again demonstrated that his forecasts cannot be trusted, his taxes are neither fair nor clear, his regulations are stifling business, his means-testing is placing a greater burden on the neediest in our society, his raid on pensions has undermined a savings and pensions culture that was the envy of Europe, and his accounting methods are disingenuous and opaque at best. This Budget bears all the hallmarks of new Labour. It lacks transparency, does not address the challenges that we face in the 21st century, and does not prepare Britain for the future.

6.10 pm

Mr. Mark Todd (South Derbyshire) (Lab): At some points in the debate I thought that the Tardis was about to land in the Chamber, given so many reflections on economic policies that I last heard expressed 15 or 20 years ago. One or two Conservative Members evoked fond memories of the Thatcher years, which I do not remember so enthusiastically. The hon. Member for Tunbridge Wells (Greg Clark) even referred to the disciplines of management consultancy. As a business consumer of management consultancy, I did not find his remarks particularly relevant. Indeed, having consumed offerings from the Boston Consulting Group, I wish that they had passed through the stern audit that he mentioned. Never mind—he has given me an opportunity to reflect on my past.

I look at this Budget primarily from the point of view of my own constituency, which has a much higher than average manufacturing base focused on companies such as Toyota and Rolls-Royce. One of my main concerns is therefore what this Budget does to help businesses of that kind. I welcome the inclusion of Sir John Rose in the Chancellor's taskforce to advise him on the future needs of business, which gives an input into his thinking from the most senior level at Rolls-Royce. I know that he has regular contact with that company in any case, and that he has been associated with the valuable initiatives in promoting enterprise in schools, including in my constituency, to which he referred in his speech. That is an extremely valuable contact.

One of the concerns that manufacturing companies raise with me is the state of the energy marketplace and the implications of higher energy costs, particularly for heavy energy users. I noted what the Chancellor said about action at EU level. I welcome that, but I have to say that we require urgent steps towards free markets. I listened with great enthusiasm to what my hon. Friend the Member for Nottingham, South (Alan Simpson) said about the micro level of the energy sector. It is vital that major businesses in constituencies such as mine can purchase energy at the most competitive rate. The long-term failure to invest in storage infrastructure in this country, together with anti-competitive practices elsewhere in Europe, has not assisted companies in doing that. I look forward to the Chancellor's achievements through his initiatives.

I welcome the examination of the fiscal and regulatory regime that businesses face. That has to be an ongoing process. I have noted the exchanges over the Legislative and Regulatory Reform Bill. I have a personal view, as a former business man. I welcome a process whereby needless regulations or regulations that are clearly time-limited can be changed rapidly to fit the requirements of the business community, but I also accept that there may be threats to the sovereignty of this place in allowing that to happen in an entirely unregulated way. I would wish the former argument to have the balance in any outcome that we produce through the two Houses in considering the Bill.

Mr. Graham Stuart: Would the hon. Gentleman care to reflect on the fact that, according to Government figures, the number of people employed in manufacturing increased by 200,000 during the last four years of the previous Conservative Government, whereas 1 million manufacturing jobs have been lost since 1997? Will the hon. Gentleman reflect on how that came about?

Mr. Todd: I could indeed do that, although that situation is not reflected in my own constituency's experience. Manufacturing employment has continued to rise in South Derbyshire throughout the period of this Labour Government, which I very much welcome. I tend to dwell more on the strengths that have caused that to happen, which relate partly to inward investment and partly to a focus on investment in high added value manufacturing rather than in manufacturing at the lower end of the value chain. Our experience is that, when we do things extremely well and add a great deal of value to our skills, we tend to succeed, even in manufacturing. However, when we do neither of those things, we tend to struggle. The support for research and development is a key subject for some of the businesses in my area, and I welcome the broadening of the scheme that the Chancellor had already put in place to support R and D.

I naturally welcome—as I would imagine every MP does—the support for schools. My constituency has benefited hugely from capital investment. Opposition Members constantly say, "Of course we welcome certain things." The response that I consistently make is, "Yes, but not at the time they were done." I well remember the debates in 1997 on the windfall tax, the proceeds of which led to the massive investment that has taken place in our school infrastructure over the past nine years. Virtually every school in my area has received substantial capital investment. I particularly welcome the additional sum of money that the Chancellor has correctly made available to heads and governors, so that

[Mr. Todd]

they can decide on its use. That will increase the flexibility of local schools to respond to their individual circumstances.

Mr. Stewart Jackson (Peterborough) (Con): I am interested to hear the hon. Gentleman's observations on education in South Derbyshire. Does he see a link between the record expenditure on education and the fact that between a quarter and a third of children leave primary school at 11 functionally illiterate?

Mr. Todd: The first point to make is that that figure, though regrettable, is a great deal smaller than it was in 1997. Secondly, only by consistently continuing to invest in education will we make that figure as small as possible. We are all realists, and we know that there will always be a proportion of young people who will not be able to achieve the qualifications that we would like them to. The figure to which the hon. Gentleman refers is still too high, but it is about half the size that it was when this Government came to power.

I also welcome the additional support for the further education sector, which I do not think has been mentioned yet—

Rob Marris: I mentioned it.

Mr. Todd: I must have missed that. I was watching the clock during my hon. Friend's lengthy contribution, but I missed that particular element of his speech. Support for the FE sector, which is often relevant to the development of business skills, is particularly important in an area such as mine.

I want to conclude by briefly reflecting on an issue that is relevant to the speech made by the hon. Member for Braintree (Mr. Newmark), namely the position of the UK economy in the world economy. We have no grounds for being complacent—I do not think that the Chancellor was, and I am certainly not—but we are now better placed than most other western European countries in that regard. That is partly for reasons of history, which I shall touch on briefly, and partly because of what the Government have achieved over the past nine years. The Opposition have naturally drawn out the fact that we have started to see a blip in productivity performance during the past 12 to 18 months, but, before that, an established performance of productivity improvement allowed us to move up the league table, certainly in western Europe, and to keep pace with the USA. I listened with interest to the speech of my hon. Friend the Member for Nottingham, South, who remarked on productivity performance. The best-performing country in productivity terms is the USA. I am not sure that he was necessarily commending that model to us, but I did not want to intervene on him to ask him to clarify that.

Secondly, we have had the longest period of consistent growth in my lifetime—I do not know about the time of Vansittart and the Napoleonic wars—and, I would imagine, in the lifetime of most other people in this country. Again, that has placed us in a much stronger position in relation to other economies than, say, France, as a comparator.

Mr. Stewart Jackson: Does the hon. Gentleman agree that the major engine of economic growth was the decision in 1992 to leave the exchange rate mechanism, a scheme supported by the great and the good, including the Labour party and the present Chancellor of the Exchequer? Does he agree that that is why the economy has grown over the past nine years?

Mr. Todd: It is certainly entertaining to have 1992 raised when the current Leader of the Opposition was the ghostly figure behind Norman Lamont at that fateful time. I would not have thought that that topic would benefit from further exploration, so I will not venture into it. I will, however, make a European point towards the end of my remarks.

Our level of debt is low by international standards. I take the points about off-balance-sheet figures, which, to be honest, could apply to any nation in the world. If we attempt to use internationally based comparisons, our position is good. Few would dispute that. We have some other advantages, however, to which we need to play firmly over the next few years.

First, we have a reputation of being a liberal country with liberal markets and an emphasis on freedom of movement, freedom of expression and freedom of ability to establish businesses and prosper. My concern is that that is in a world in which protectionism is once again starting to rear its head. I have always been hostile to protectionism, whether in the European Union context—as there are concerning signs of the EU considering and being more sympathetic to protectionist measures than it should—or in the major threats in the World Trade Organisation process of countries stepping back towards protectionism all around the world. We should play to that fundamental advantage with all our strength, as it builds the skills and flexibility on which, as a relatively small nation, we can play well.

Secondly, the English language is a huge unsaid advantage in the global economy. I earned my living in the media industry, in which we play way above our strength as a result of that advantage. We have another considerable strength in the diaspora of our former empire, and many people trade freely with us partly because of the number of those on our shores who come from where they live. We have a large, prosperous and entrepreneurial Indian community. We have a Chinese community, which, again, has strong links.

If we can play to those strengths over the next few years, I think that we will compete more effectively than any other nation in western Europe, and I am sure that we can do so.

6.24 pm

Andrew Selous (South-West Bedfordshire) (Con): It is important to consider Britain's relative economic position, in terms of competitiveness, vis-à-vis the major countries with which we do business. Under this Government, according to the World Economic Forum, we have fallen from 4th to 13th in terms of competitiveness. Productivity in the private, wealth-producing sector of the economy, running at 2.6 per cent. under the last Conservative Government between 1992 and 1997, decreased under the first term of a Labour Government to 2.1 per cent., and today is only at 0.4 per cent.

Savings have also decreased rapidly. Between 1992 and 1997 the savings ratio was 9.7 per cent.; today it stands at just over half that—5.5 per cent. The World

Economic Forum rates the United Kingdom 98th out of 117 countries, and says that our low savings ratio puts Britain at a "significant competitive disadvantage". That is obvious: it is the savings of the nation that go towards providing a decent savings system for our pensions and the business investment that we need to create wealth for the future. Business investment is also at an all-time low. At 9.7 per cent., it is at its lowest level since records began in 1965.

Last year British growth was below the G7 average, below the OECD average and, indeed, below the global average. This year, it is actually below trend growth. Then there is taxation, which is important when businesses decide where to locate in the world. As we have heard from Members today, many businesses do have a choice. When the Government came to power, this country had the 10th lowest business taxes in the developed world; we now have the 10th highest. A few days ago, the ITEM Club and the accountants Ernst and Young concluded that, excluding North sea oil revenues, the UK tax burden was higher than it had ever been. I understand that, on the basis of the figures produced by the Chancellor today, by 2010–11 it will be touching some 41 per cent. of gross domestic product.

Why is that important? There is evidence that other countries around the world that have taken a different tack in regard to tax rates have experienced significantly higher levels of economic growth. In Australia, John Howard's Government came into power in 1996, just a year before our present Administration. They promptly set about cutting taxes, and as a result the Australian economy has expanded by a third so far, compared with a quarter in the United Kingdom.

What the Government often miss is the fact that a cut in tax rates will lead to an increase in the total tax take as business activity increases and companies from around the world decide to locate here. Ireland has done the same: it cut taxes on business and now has a higher income per head than the United Kingdom. At the other end of the spectrum, Sweden—which has the highest taxes in Europe and possibly in the world—now has a pre-tax income that would make it the fifth poorest state in the United States, just behind Alabama.

There are important lessons to be learned from our relative global competitive position. If we want a thriving economy, we must secure a decent tax take with which to fund the public services that we all want.

Chris Huhne: Perhaps the hon. Gentleman will tell us whether the figures that he is using have been adjusted for purchasing power parity.

Andrew Selous: In terms of pre-tax incomes, as far as I am aware the Swedish example has been adjusted. I think that there is a significant lesson for us to learn, whether we look at Australia, at Ireland or at Sweden. Overall, the evidence on relative economic advantage is pretty conclusive.

Rob Marris: Will the hon. Gentleman give way?

Andrew Selous: I will after I have made a little more progress. One or two other Members want to speak.

The borrowing that the Chancellor announced today has been described, quite properly, as deferred taxation. That is exactly what it is, because our constituents will have to pay it back in the years to come. The figures are £37 billion for this year and £175 billion over the next six years. Those are very large sums, equating to £7,000 for every family in the country—a figure that people can relate to slightly more easily. In addition, of course, there is the off-balance-sheet debt, be it from unfunded public sector pensions liabilities, Network Rail or, indeed, private finance initiative and public-private partnership schemes, all of which will bear very heavily on the public purse. I am not arguing that we should not, therefore, have gone ahead with certain PFI and PPP schemes, but we need to be honest and to take into account the impact of the payback costs on the public finances going forward.

This month, the CBI has estimated that the cost of UK regulation on business under this Government is approaching £50 billion. My hon. Friend the Member for Braintree (Mr. Newmark) told us that Google and Amazon have recently decided to locate in Ireland, rather than the UK; so has Oracle. At £47 billion, our trade deficit is the largest it has ever been. Our trade deficit with China increased by 20 per cent. during this year alone. I find it completely ridiculous, moreover, that Belgium is exporting more to India than we are, bearing in mind our historical and cultural links with that great country.

The Chancellor talked a lot today about education and he was absolutely right to do so. Business people tell us that one of the issues that they are most concerned about when deciding whether to locate here or elsewhere is this country's skills levels. As far as I am aware, Amazon decided to locate in Ireland in part because its work force has greater language skills than does the UK's. That should be a significant lesson to us. We need to increase language ability in our schools, because we do not do nearly well enough in that regard.

The Opposition welcome the money for our schools announced in today's Budget, but here I return to the issue of literacy and numeracy, which is tremendously important. According to the CBI, employers believe that one in seven adults in the UK is functionally illiterate. As my hon. Friend the Member for Braintree pointed out, according to the National Audit Office the total number of adults in that category is increasing by 100,000 per year. The Department for Education and Skills told us in January that one in three 16-year-old school leavers do not even have five A to C GCSE passes. As a result of all that, we are ranked 33rd in the world in terms of the quality of our state education system. That simply is not good enough for the fifth strongest economy in the world.

What can we do about that? I am delighted that the Government have at long last agreed that synthetic phonics should be the basis for teaching children to read in our schools. Those of us who are familiar with the work of Melanie Phillips know that she argued for synthetic phonics many years ago in her book "All Must Have Prizes". I regret that this issue became a matter for party political debate. I salute the efforts of my own party, particularly my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb), who has campaigned tirelessly on this issue. I hope that Members in all parts of the House are pleased that we have eventually adopted a position that should lead to an improvement in our children's reading ability.

[Andrew Selous]

On maths teaching and numeracy, I hope that the Government will take note of the many children throughout the country participating in the Kumon maths scheme, in which, I should point out, I have no financial interest whatsoever. There is a Kumon centre in Dunstable, in my constituency, to which many children from both independent and state schools go. A DFES study on this scheme would be useful. However, it is what goes on in schools that is crucial. The money is welcome, but it is hard for children to get the education that they will need in a competitive world when discipline and control are absent.

A lady in my constituency has been a teacher for more than a quarter of a century and she told me about an incident that happened in one of my upper schools only a couple of weeks ago. One class was being disrupted by a pupil and the teacher concerned was unable to handle it. He appealed for help from other staff, but nothing happened for half an hour. That was because the spare member of staff allocated to help in such situations was dealing with an incident in another classroom, where a different child was disrupting a lesson. As a result, the children in the first class to which I referred learned nothing for half an hour. Discipline is fundamental to education. The Government have launched a review into the matter, but some of our schools face very serious difficulties that we need to address.

More funding was announced today for further education, and I welcome that. Further education gives people the second chance that they desperately need and which they did not get at school, but the Government have adopted a very stop-go approach. Dunstable college in my area lost 25 jobs and almost 1,000 student places last year because of a budget cut. Why cannot we have a smooth progression? What is the point of cutting funding one year and increasing it the next? That approach has a very serious impact on the morale of both staff and students.

The Chancellor said that a link would be established between British students and American business schools. I am all for such schools, but why should taxpayers' money be used? The excellent Cranfield business school is near my constituency, and Luton university has very good business courses. I am sure that both institutions would welcome some of that money. No doubt American business schools turn out some excellent graduates, but I question whether taxpayers' money should be used for that purpose.

The same stop-go approach is evident in respect of science. We all know that the science base is essential for this country's future, but science departments up and down the country are being closed because they are so expensive. A couple of weeks ago, I had the privilege of welcoming one of my constituents to the Terrace of the House, where an exhibition of her work was being held. She came to my constituency from Exeter, where the university's chemistry department had been closed because it was so expensive, and she now teaches at the Open university. The same thing is happening all over the country. Why cannot we have a consistent approach? I welcome the money that the Chancellor is giving to science, but science departments around the country should not be closing.

Very little mention of health was made in the Budget speech. That was surprising, as all hon. Members know from their post bags that health is a very serious issue. My PCT is the Bedfordshire Heartlands, which has a deficit of £20 million. The Luton and Dunstable hospital has had to close an elderly care ward, and there is almost no prospect that Leighton Buzzard, the largest town in my constituency, will get any sort of community health facility.

Matters are likely to get worse next year. The managers at my PCT are very good, but they have to operate under such severe constraints, in the form of directives and targets set by the centre, that it is very difficult for them to exercise good financial stewardship.

Mr. Jeremy Hunt (South-West Surrey) (Con): Does my hon. Friend think that there is a contradiction between the Chancellor's emphasis on stability and prudence and the way in which money was showered on the NHS a few years ago? That money was taken out of the service as quickly as it went in, with the result that many hospitals have had to close.

Andrew Selous: My hon. Friend is correct—there is no point in making money available and then taking it back. A smooth transition is the only fair way to treat people working in the NHS.

I come now to pensioners. I agree with the comments made earlier that it is scandalous that the ombudsman's report into the 85,000 people whose pension schemes have collapsed has not been honoured. Some of my constituents worked for Dexion in Hemel Hempstead and so fall into that category. The Chancellor was happy to talk about the unclaimed assets going into youth services. We all support those services, but the 85,000 people who were forced to save for pensions as a condition of employment, and who now find that the money has gone, should have first claim on those funds. It is reprehensible that they do not and I hope that the Paymaster General, who is sitting on the Front Bench listening to the debate, will urge the Chancellor to reconsider the use of those unclaimed assets. As I said, the 85,000 people who have lost their pensions should have first call on them.

What of the £200 payment for pensioners to help with their council tax? We had it last year, but not this year. We will all have constituents who are counting down the number of years that they can stay in their own homes. They run down their savings every year just to pay their council tax. That is simply not acceptable. Had we had a Conservative Government there would have been a halving of the rate of council tax for people over 65, up to a maximum of £500. It is deeply regrettable that the Chancellor has not given that £200 rebate this year and that we have not had a proper reform of council tax, which is long overdue.

I welcome the emphasis on shared ownership in housing. Like synthetic phonics, that is another Conservative idea that the Chancellor is bringing in. In 1995, only 10 per cent. of young people buying their first home needed help from their parents—now 46 per cent. of them do, if they are lucky enough to have parents who are able to help them financially in the first place. Looking at my constituency, we need the right homes in the right places. The Government's approach to the

housing needs of London and the south-east is to ram all the housing into five areas around London. Housing should be spread across London and the greater south-east, and across the country as a whole. Two days ago, the *Financial Times* contained damning evidence about the fact that regional disparities in the UK have got worse. If that situation was slightly better, it would relieve the housing pressures on London and the south-east. The infrastructure for that housing is not there either, which leads to great worries.

6.41 pm

Chris Huhne (Eastleigh) (LD): I may forgo a lifetime's obsession with macro-economics and look at some of the micro-economic aspects of the Budget, focusing on the environmental impact. I welcome the fact that the Chancellor has announced that he will index fuel duty in September and that he is indexing the climate change levy, but we have to put that in the context that was admirably spelled out in the Environmental Audit Committee report, "Pre-Budget 2005: Tax, economic analysis, and climate change", which came out yesterday. If we update for today's announcement, figure 6 in that report makes it clear that, on fuel duty, there has been a revalorisation in only two and a half of the past seven years—if we count the current period as a half year. On vehicle excise duty, we are looking at one increase in revenue over the past seven years. On the climate change levy, we are looking at one year out of the past seven years. On air passenger duty, we have had a freeze over all the seven years, with a steady decline in yields.

If we look at the detail of what the Chancellor announced today, we can see, for example, that it is extremely unlikely that we are even going to see an increase in yields from the green taxes overall, given that he admitted that vehicle excise duty, although restructured, would raise less. The restructuring is actually extremely mild. On the increase for those at the top end, in terms of emissions, we are looking at a cost that will be less than the cost of filling a full tank of the average 4x4 gas-guzzler that he says that he is aiming at. The Energy Saving Trust recently came up with research that suggested that, if there is to be a genuine shift in the pattern of car-buying behaviour, there could be a need for a tax at the top end of more like £2,000 a year than £200.

Lest there be any doubt among Treasury Ministers—as there seems to be among Department for Environment, Food and Rural Affairs Ministers—that taxation through the price mechanism has an effect on behaviour, it is worth pointing out an extremely useful article in the latest *Fiscal Studies* from the Institute for Fiscal Studies, which cites a number of academic research studies, from Finland, Denmark, Sweden, Austria and Belgium, all of which clearly suggest that increased taxes and prices have positive impacts on behaviour when it comes to dealing with climate change. However, the Chancellor's record since 1997 shows a peak in green taxes of 3.6 per cent. of GDP in 1999, but that has fallen steadily so that the latest figure is only 3 per cent. of GDP, or a lower share than in the last year of the Conservative Government. Given the policy announcements today, there is no prospect of a rise either.

The result is clear. The Government constantly remind us that they are set to meet our Kyoto target, but that is an exceptionally complacent spin on the reality, which is that the only reason we are meeting our Kyoto obligations is the felicitous shift from coal-generated electricity to gas-generated electricity, which had a sharp impact on the reduction of greenhouse gas emissions. The Chancellor has included a chart in the Red Book, chart 7.1, which usefully shows that carbon dioxide emissions have risen by 2.9 per cent. since 1997. The Government cannot be confident that they will continue to meet our Kyoto obligations or their target for carbon dioxide emissions unless they take a much more radical view of the need to change behaviour.

The issue is a test of seriousness for the Government and for the Opposition, who are strangely silent whenever anybody mentions the possibility of using the price mechanism or taxation to direct behaviour towards a more sustainable pattern for the future of the planet, our children and our grandchildren. It is a basic economic point that such a change does not necessarily involve any overall increase in taxation. If £10 more is taken in green taxes, it can be handed back to the same people through a reduction in taxes elsewhere, thus leaving incomes unchanged but ensuring that the price incentive bears down on people's behaviour.

I hope that Ministers will consider the policies that they have announced in the context of the longer run since 1997 and see how weak a reed the Chancellor has produced in this Budget. I hope that that spurs them to greater radicalism in dealing with what is, after all, the pre-eminent policy challenge of our time.

Debate adjourned.—*[Tony Cunningham.]*

Debate to be resumed tomorrow.

36 Engineer Regiment (Maidstone)

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

6.47 pm

Miss Ann Widdecombe (Maidstone and The Weald) (Con): I am grateful for the opportunity to have this Adjournment debate tonight and I also wish to record my gratitude to the usual channels on the Government side who ensured that I knew that I had to be here somewhat earlier than I might have predicted.

I am raising this matter tonight because it is an extremely grave one for the 36 Engineer Regiment and for the town that I represent. It is an irony that 19 years ago I had to fight exactly the same battle when it was proposed to move the regiment from Invicta barracks in Maidstone to, at that time, Thorney Island. It was a bleak prospect and the town and regiment rebelled. I am pleased to say that we secured a reversal of the policy.

It would seem that yet again we are threatened with the removal of the 36 Engineers from Maidstone. I am sure that the Minister will accept that it is very important that morale is kept as high as possible in an Army that is stretched as badly as it is at the moment. Part of the maintenance of good morale is ensuring that families are happy, especially when the forces have to serve overseas for any length of time.

The 36 Engineers is a sapper regiment, so almost by definition it spends a large amount of time abroad and has one of the highest rates of separation from spouses and families in the entire Army. It is thus essential for recruitment and retention that the soldiers can go away feeling that their wives and families are happily integrated in the local community. In turn, the wives have considerable influence over whether their husbands decide to stay in the Army. It follows that if there is general unhappiness with the serving conditions, the soldiers will not give a particularly happy account to potential recruits.

In Maidstone, the 36 Engineer Regiment is based near the centre of a large town, which offers not only good shops but extremely good schools, including the envied grammar schools, and many opportunities for wives to work. The Gaffney report described the regiment's relationship with the town as "ideal" for a major unit. It is. Super-barracks are no substitute. They would need to be built and maintained, and would be costly. The regiment currently enjoys the freedom of the town, and the citizens of Maidstone and the surrounding areas regard the Army with immense gratitude following its intervention, first, after the 1987 wind storm when we had to clear roads urgently and, secondly, during the floods which, the Minister may recall, devastated parts of my constituency a few years ago.

The Minister appears remarkably unmoved by all that, however. I shall quote from a recent letter from the Secretary of State for Defence. He said:

> "I should tell you that the Army is committed to consolidating its estate into fewer and larger sites. As a result, a singleton site such as Invicta Park Barracks will be kept under review for possible disposal in the longer term. I should stress that no specific time lines have been established for this process but the points you make regarding the presence of 36 Engineer Regiment in the area will be taken into account."

We should look at the context for that proposal to dispose of sites. On 21 July 2004, the then Secretary of State for Defence announced to Parliament what he described as a "radical change" in the future force structure. Since 1997, the trained establishment has actually declined by about 6 per cent. at a time when the reserve has fallen by nearly 68,000, including a fall of 20,000 in the Territorials.

The cuts make no sense at all, given what we require our armed services to do. We should have taken notice of the recent situation when we wanted both to deploy troops in Iraq and to keep them on standby during a firemen's strike. From talking to members of the 36 Engineer Regiment, I know that that placed considerable strain not only on their resources but on the ingenuity necessary to manage both operations.

The cuts should be reversed. We should be making sure that we have a properly manned force rather than a reduced one that is operating with a reduced reserve. In the last 12 months, the outflow from the Army has exceeded the inflow by about 3,500, which led my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) to tell the Prime Minister that as our forces were so overstretched it was hardly the time to cut four battalions from the Army.

Since the last time we went round this course, that proud regiment has fought in both Gulf wars and has been involved in every other conflict. The Secretary of State for Defence has said that there is no specific time scale, but I think that he means by 2012, which is the time to which the Army is operating in considering the creation of super-barracks and the disposal of sites. Of course, 2012 is a mere six years away. The loss of the regiment would be a severe loss to Maidstone. Although I appreciate that this is not the Minister's direct worry and that it is more properly the concern of the Deputy Prime Minister, it would be a very great worry to Maidstone if that site were replaced by development.

Our infrastructure is already extremely pressured. We do not have enough water. We do not have sufficient roads. Our schools and certainly our health services are stretched and, of course, we have to face up to the huge extra developments being foisted on us by the Deputy Prime Minister. If we were also confronted by a major site, such as Invicta barracks, being covered by housing development, it would be a great deal more than Maidstone could stand.

Quite apart from those worries, we want to keep the regiment in Maidstone, as we wanted to do in the late 1980s, when we faced the same threat of removal but for different reasons. We want to keep it because we are proud of it. We are particularly proud of the Gurkhas. We want to keep it, because it makes a major economic contribution to Maidstone and because we believe that we, in turn, provide the Army with a very good background against which troops can go abroad satisfied that their families are fully integrated into the local community. Our schools would be regretful if those children were suddenly to disappear to super-barracks somewhere else.

The creation of vast Army sites is not a substitute for a major unit in close association with the town in which it is stationed. I ask the Minister to think again. It would be very optimistic of me to think that he would give me every reassurance that I have sought tonight, because

that is rather unlikely, but I hope nevertheless that he will, at the very minimum, agree to visit the 36 barracks at Invicta and talk to the officers and men and, of course, the Gurkhas who are involved there. I hope that he will also consent to hold conversations with Maidstone borough council about the impact on the town if that Army site is disposed of and the force sent elsewhere.

The 36 Engineers have been associated with Maidstone for more than 60 years—a long association that has been fruitful both for the regiment and, indeed, for the town. I therefore very much hope that some singleton sites will not be disposed of—a few must survive—and I should be grateful to the Government if Invicta barracks were among the few that survive.

6.58 pm

The Minister of State, Ministry of Defence (Mr. Adam Ingram): I congratulate the right hon. Member for Maidstone and The Weald (Miss Widdecombe) on securing this debate and providing me with the opportunity to speak on the issue. I did not know that in the past an attempt was made to close the barracks. I was not advised of that, but it is now received wisdom.

We are now attending to the reorganisation and better definition of our armed forces because previous Administrations did not seize the reality. They did not face up to the harsh choices that had to be made in restructuring the Army overall. I do not necessarily comment on Invicta barracks in saying that, because I do not know the details of what happened at that time, but we are addressing the problems of that legacy. That is not driven by cuts or financial imperatives, but because the Army and the chiefs of staff have determined that there is a better way to organise the armed forces. That is what we laid down both in the future infantry structure and the future Army structure generally.

I pay tribute to the right hon. Lady for the interest and support that she has shown for 36 Engineer Regiment at Invicta Park barracks and, more generally, the Gurkhas, which she mentioned—

It being Seven o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

Mr. Ingram: I apologise, Mr. Deputy Speaker. I take it that my words will still be on the record.

I was congratulating the right hon. Lady on her deep interest. When I asked those who were briefing me how closely engaged she was, I was told that she is a very good friend of the regiment. We value such close engagement of Members of Parliament and their local Ministry of Defence interests, whether they are military or civilian, or, indeed, both. I also know that she has the best interests of the regiment, the Gurkhas and her constituents at heart.

As the right hon. Lady knows, the Royal Engineers has a considerable and noble history. Its construction activities are as relevant today as they have ever been. Recent events have seen Royal Engineers soldiers providing disaster relief and humanitarian assistance to the earthquake victims in Pakistan. A small team of sappers has been involved in bringing fresh water to the villages of Kpalusogu and Koshibu in northern Ghana. I recently visited Ghana to open the second phase of an internationally supported peacekeeping training centre and was briefed on the work done by Royal Engineers personnel in Ghana and the contribution they were making. They were performing a non-military role in one sense, but clearly building on the defence diplomacy that is essential to keep our partners and allies supportive of us.

Such innovation has continued through to the present day, and 36 Engineer Regiment, in particular, should be proud of its contribution. Today, soldiers from 36 Engineer Regiment serve all over the world in Iraq, Afghanistan, Belize, Norway, Gibraltar, Kenya, Brunei, the Balkans, Nepal, Cyprus and Canada, as well as Northern Ireland. I am really grateful for the part that 36 Engineer Regiment played at the beginning of current operations in Iraq and subsequently in two further squadron deployments. The entire regiment was deployed for the initial conflict phase of operations. I pay tribute to the men and women of 36 Engineer Regiment, who truly show what it means to be part of the best trained and most professional Army in the world.

The regiment has developed a significant attachment to its current home, Invicta Park. Its links with Invicta Park stretch back to 1949, when it was stationed there for two years. It moved away for eight years—first to Ripon and then to Osnabruck—only to return in 1959, since when Invicta Park has remained its home. I recognise the importance of the historical connection and the links that have been developed with the local community. I also recognise the need for our soldiers—those brave men and women—to have decent homes. It should be noted that over the past five years we have spent around £2 million on maintenance, upkeep and improvements to Invicta Park.

Contrary to the somewhat unhelpful speculation in the local media, there are no plans to close the Invicta Park site. The right hon. Lady correctly referred to the letter that she received from my right hon. Friend the Secretary of State that observed that the Army is examining the possibilities for consolidating its estate into fewer and larger sites in line with the Defence Estates strategy of developing and rationalising the MOD's estate holdings. The logic of doing that must be sound. The armed forces must examine their real estate and its quality all the time. It must examine the prospect of building new facilities—super-garrisons, if that is how they are to be described—for our personnel. If that means that we must examine the existing estate and determine what can be realised by way of assets, it is a sound approach. It is nothing new. It has been the consistent approach of previous Governments. We are, admittedly, taking another big step forward.

Again, the logic of looking at disparate barrack sites is sound. An estate that is spread out costs a lot of money to maintain. The purpose is to get money to the front line. The armed forces benefit greatly from close community links. We very much value looking after personnel in the ways that we do in the areas that we are in, but it is an imperative of the Ministry of Defence to rationalise and get the best use of the taxpayer's pound, and to ensure that it is invested in equipment and support for the front line. Those are difficult equations to balance, because there are many aspects to consider.

[Mr. Ingram]

I do not want to make a party political point, but a decision was made in the 1990s not to invest in real estate. There is now a massive catch-up, the scale of which is truly phenomenal. We are already committing about £1 billion over the foreseeable number of years to complete that catch-up, although a lot of the estate has not been maintained, no new build has taken place and large parts of it were sold off. The assets realised from the sums that were received when the right hon. Lady was a member of the Government did not all come back to defence. We are operating on the basis that all the rationalisation and efficiency measures will be retained for the defence purposes that I mentioned. A qualitative change has taken place.

The point of building new super-garrisons is to give greater continuity to people overall and to provide them with better accommodation, probably on new sites, although sometimes existing sites will be developed. They will allow people to integrate properly with the civil community.

The right hon. Lady mentioned how our armed forces are stretched and the pressure that they, and in particular the Royal Engineers, are under. I recognise that. It is one reason why we have defined the new way forward in terms of the future Army structure. As a result of rebalancing, 2,400 posts have been reallocated to what would be defined as the key enablers. Engineers fall into that category. We understand that we have put a huge strain on those key enablers, and the Royal Engineers have been part of that. We are therefore reinvesting 2,400 posts.

The right hon. Lady also mentioned in passing the important role of the TA. I do not want to get into the detail of that, because I am due to announce shortly our approach to TA rebalancing. However, the Royal Engineers will benefit from that as well.

We cannot achieve everything overnight. It takes time. We have to let things grow. However, we are on the case.

We have not established firm timelines for the work on which we have embarked. There is no particular focus on Invicta Park. It is not as though a work stream is saying, "Let's look particularly at a range of barracks, of which Invicta Park will be one." Nothing is in the machine at this stage and nothing is immediately coming over the horizon. That is why I say that the speculation about the threat to Invicta Park is a bit premature. I do not deny the right hon. Lady her entitlement to raise the subject and to take the arguments forward. I would do the same in her position. However, Invicta Park is in the same position as other barracks of equivalent size on the Army estate and no plans to relocate 36 Engineer Regiment are on the stocks.

I cannot be more precise because of some of the arguments put about the way in which we are assessing the situation and investing in the future as those plans develop and evolve.

Miss Widdecombe: I sense that the Minister is on his last couple of pages, so may I ask whether he would agree to visit the barracks and talk to the men?

Mr. Ingram: I make a lot of visits—

Miss Widdecombe: One more.

Mr. Ingram: Yes. I am more than happy, time permitting, to do so. I benefit a lot from such visits, and I hope that those whom I visit benefit too. It allows them to tell me what they think and to put their views. On such a visit I would be able to say to them what I have sought to set out today. No doubt the report of these proceedings will be disseminated. I just hope that the arguments that I am advancing get a fair shake in the local press.

There are no plans for closure. We have invested over recent years and we are looking at ways in which we can invest to meet our commitments under the Gurkha married accompanied service rules. The Government have taken a major step forward and we are having to address some very important issues about the Gurkhas who are based at Invicta Park. I have set out to make it clear that there are no plans that put Invicta Park under immediate threat, and there are no timelines. At one point, there was a timeline of 2012, but that no longer applies, and for a very good reason: funding. It takes a lot to invest in infrastructure, and when we are doing so we are not investing in equipment and personnel. We must balance the priorities across the various resources.

I am happy to visit, but I cannot say that I will do so immediately. The right hon. Lady will be notified if I visit. I hope that I will not be met by a demonstration at the gates. I know that she would not operate in that way. I genuinely like to engage with our people and to hear what they have to say, because it allows me an opportunity to put across our point of view.

I hope that has helped the right hon. Lady's understanding of where we are coming from and of the overstretch issue, which she mentioned. I recognise that there are pinch-point problems, and we are addressing them. She has just to wait a bit longer for clarity on TA rebalancing. Investment is going on and will go on for the Gurkhas once we can find the resource allocation to enable it. We will continue to maintain Invicta Park for as long as the 36 Royal Engineers are there. We are proud of the regiment and of what it does. I know that the right hon. Lady is a great advocate for all that it does.

Question put and agreed to.

Adjourned accordingly at twelve minutes past Seven o'clock.

House of Commons

Thursday 23 March 2006

The House met at half-past Ten o'clock

PRAYERS

The unavoidable absence of MR. SPEAKER having been announced, THE CHAIRMAN OF WAYS AND MEANS *took the Chair as* DEPUTY SPEAKER, *pursuant to the Standing Order.*

Oral Answers to Questions

TRADE AND INDUSTRY

The Secretary of State was asked—

Supermarkets

1. **Bob Russell** (Colchester) (LD): What powers and responsibilities the Office of Fair Trading has in respect of supermarkets; and if he will make a statement.

[60671]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): The OFT has responsibilities for enforcing UK competition and consumer protection regimes, which include supermarkets. The OFT has announced its decision to consult on a proposed referral of the grocery market to the Competition Commission for a market investigation. The statutory consultation, as required be section 169 of the Enterprise Act 2002, will close on 6 April, and I trust that hon. Members will take part. The OFT is also responsible for monitoring compliance by certain supermarkets with the supermarket code of practice, which was put in place after an earlier investigation by the Competition Commission.

Bob Russell: I thank the Minister for that reply. He will be aware of the recent report by the all-party small shops group, of which I am secretary, which refers to the growing dominance and near-monopoly powers of the four big supermarkets, which mean that there is not so much an un-level playing field as a huge slope. Will the Government take any measures to protect community stores, especially if they believe in sustainable communities?

Mr. Sutcliffe: First, I congratulate the hon. Gentleman and his colleagues on the all-party small shops group on the report, which has highlighted the issues and helped the debate along. It is clear that competition issues must be dealt with through the procedures of the Competition Commission and the OFT, and we look forward to that process. However, the Government will continue to monitor and consider issues relating to consumer policy. We have regular meetings with the British Retail Consortium and small shops groups, and are concerned about what is going on in that sector.

Mr. John McFall (West Dunbartonshire) (Lab/Co-op): The Minister will know that the powers and responsibilities of the OFT extend to credit cards. The latest report indicates that the late payment ruling is an important landmark. Will he engage with the OFT to ensure that late payment charges are reduced so that the consumer feels the benefit?

Mr. Sutcliffe: My right hon. Friend chairs the Treasury Committee, I have had the pleasure of appearing before him, and I am sure that I will have the pleasure again soon. He is right that the issue is causing a great deal of concern, and we are considering the matter with the OFT. All party spokespeople on these issues have met APACS representatives to consider how the banking code applies to those matters.

Peter Bottomley (Worthing, West) (Con): Do the Government have a view as to the share of the grocery market that supermarkets might reach? Does the Minister have a view on how many convenience stores can be owned by supermarkets in a particular town without affecting competition significantly?

Mr. Sutcliffe: That is why it is important that politicians and politics are taken out of this matter. The competition authorities must consider it in great detail, which is one of the reasons for the referral. When the OFT completes its consultation process, it will decide whether to refer the matter to the Competition Commission. The share of the grocery market will be one of the issues considered.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Will my hon. Friend ensure that the work done by the Competition Commission on this matter is tied up with his review of Sunday trading liberalisation. If Sunday trading is extended for large superstores, small stores will suffer a further impact. Will he ensure that those two matters are dealt with together?

Mr. Sutcliffe: Co-ordination is important, but the two matters are separate. The OFT is considering supermarkets' share of the grocery market. On Sunday trading liberalisation, the Department of Trade and Industry is going through the process of asking stakeholders for their view. A cost-benefit analysis has been undertaken, the detail of which will be fully transparent. We hope to have a stakeholder event in May, and I am already receiving requests for meetings from bodies with a view on the matter.

Mr. Mark Prisk (Hertford and Stortford) (Con): Further to that point, we welcome the OFT's investigation. As the excellent campaign by the *Evening Standard* has shown, however, small independent shops are facing multiple threats—certainly from supermarkets, but also from over-regulation, rising crime and the internet. Given the limits of the OFT's powers, will the Minister accept his responsibility and organise a national debate on the future of retailing, and particularly on the future of small independent shops?

Mr. Sutcliffe: As I said, we have that discussion with retail bodies, whether it is the Association of

Convenience Stores or the Rural Shops Alliance. I am pleased about the *Evening Standard* campaign, which is a step in the right direction. What it says to consumers is, "If you value your small shop, spend money in it." That is the basis of the campaign. We should not get into supermarket-bashing. Clearly, consumers will vote with their feet—if they feel that they will get a better deal from supermarkets, they will do so. The whole purpose of the OFT investigation will be to consider the future, such as how to deal with planning matters, and to set the scene for what consumer policy should look like in the next 10 to 15 years.

Mr. Prisk: I note the Minister's cautious words, but he knows as I do that the OFT's inquiry will take place in two years. Small shops cannot wait that long. Given that, and the excellent evidence produced by the all-party group, will the Minister—as I said—accept his responsibility, and not follow the discussion but lead it? Will he turn his words into actions?

Mr. Sutcliffe: I am already doing that. It is clear that there must be a division of the process. The competition issues need to be dealt with by the OFT and the Competition Commission, as provided in the Enterprise Act. However, I have already been meeting representatives of the supermarkets and the Association of Convenience Stores, and I am happy to meet officers of the all-party small shops group to keep the issues under review. The referrals are about specific matters; we need to examine the overall issues relating to the future of shops, and I am continuing to do that.

Nuclear Power

2. **Dr. Ashok Kumar** (Middlesbrough, South and East Cleveland) (Lab): What recent discussions he has had with the nuclear industry on preparations for new nuclear power plants. [60672]

The Minister for Energy (Malcolm Wicks): There have been many discussions with a wide range of stakeholders, including the nuclear industry, as part of the energy review consultation process, which runs until 14 April. Responses to the consultation will be available imminently on the DTI website.

Dr. Kumar: What discussions has the Minister had with the nuclear industry, and do they suggest that once the review has been completed and if the Government decide to go further down the nuclear route, we shall have the nuclear scientists and nuclear engineers who can design, build, commission and operate plants for the future, given that since the 1980s there has been a great drop in nuclear research and given the fragmentation of the skills base?

Malcolm Wicks: I have had many discussions with the energy industry, including the nuclear industry, about skills and the scientific base. The United Kingdom is a centre of excellence in terms of nuclear science. I recently visited colleagues at Manchester university, for example. There are ideas about establishing a national nuclear laboratory. That is an interesting issue, which is under active consideration.

Mr. Edward Davey (Kingston and Surbiton) (LD): Is not the Chancellor's announcement yesterday that he hopes to raise £2 billion by selling shares in British Energy yet another clear indication that Ministers have already made up their minds to build more nuclear power stations? Rather than attacking those who are suggesting credible non-nuclear energy strategies, why are the Government closing their mind to all the other alternatives?

Malcolm Wicks: The Chancellor did not give a figure.

Mr. Davey: It was in the *Financial Times*.

Malcolm Wicks: I regard the Chancellor of the Exchequer, not the pink pages, as my authority figure when it comes to these matters.

The energy review is considering the advantages and the disadvantages of a new generation of nuclear reactors. They are finely balanced: some issues weigh on one side, and some on the other. The Chancellor's announcement yesterday has no relevance to the decision that we will make in the summer, whether it be yes or no.

Rob Marris (Wolverhampton, South-West) (Lab): Can my hon. Friend confirm that the building of nuclear power stations is already totally permitted, and any company could apply to build one tomorrow? Fears that have been expressed that following the energy review the Government will somehow go nuclear are misplaced, because the regime is already in place. However, it is not financially viable to build nuclear power stations, and that is the problem with them.

Malcolm Wicks: My hon. Friend is right. There is nothing to stop someone from applying to build a nuclear power station—but people do not do so. I think that that is because, in practice, the Government need to give a green or a red light. I believe that that has been the case in all nations. As for the economics of nuclear power, we hear different opinions. We ourselves are conducting a cost-benefit analysis of different technologies as part of the review.

Tony Baldry (Banbury) (Con): The Minister must know that we have made absolutely no progress over the past 20 years in disposing of nuclear waste. We are no further forward on the question of how we dispose of it than we were when I was doing the job that the Minister is doing today. The Government abandoned the recommendations of the Nirex public inquiry at Sellafield. Can the Minister explain to the House and the country how the Government intend to dispose of nuclear waste? Until they have an answer to that question, any suggestion of future nuclear power stations is simply irresponsible.

Malcolm Wicks: Until recently, over several decades, the record of Government and Parliament on the issue was very poor indeed. In fact, I would go so far as to say that it was irresponsible. I do not know whether that included the hon. Gentleman's term in office. Under this Government, however, we have a two-part strategy. Part 1 involves the Nuclear Decommissioning Authority, with a substantial budget and a remit to clear up the waste on the various nuclear sites. It has begun its work. Part 2 will follow the recommendations of the

expert Committee on Radioactive Waste Management, which will publish its work by the summer. That will involve making a judgment about a repository—a long-term or medium-term one—in which to put nuclear waste. So we have a strategy in place—*[Interruption.]* The hon. Gentleman shrugs, but being the Government who find a solution to this very difficult problem is a key test for this Government.

National Minimum Wage

3. **Mr. David Anderson** (Blaydon) (Lab): What assessment he has made of the impact of the national minimum wage since its introduction; and if he will make a statement. [60673]

8. **Mr. Russell Brown** (Dumfries and Galloway) (Lab): What assessment he has made of the impact of the national minimum wage since its introduction; and if he will make a statement. [60678]

The Secretary of State for Trade and Industry (Alan Johnson): The minimum wage has made a real difference to around 1 million low-paid workers each year, particularly women, who make up two thirds of those benefiting. The latest increases, which we announced on Monday, will benefit 1.3 million workers from October 2006. The adult rate will increase by 6 per cent. to £5.35 per hour.

Mr. Anderson: I welcome this news from my right hon. Friend. As someone who originally gave oral evidence to the Low Pay Commission, I am filled with pride at what my party has done. When I recently visited Israel, its Labour party asked me whether we could inform it of our progress with the national minimum wage, because it wants to use our success as a model for Israel. Will my right hon. Friend help me to provide that information?

Alan Johnson: I certainly can help my hon. Friend. A number of countries are interested in our experience, and it has to be recognised that when we proposed the national minimum wage, there were predictions of doom and gloom not just from the Conservatives, but from the Liberal Democrats, who advocated a regional minimum wage. Incidentally, as recently as 2003, they were saying, in the person of the hon. Member for Twickenham (Dr. Cable), that

"Making a commitment to a two-year deal, at levels significantly above inflation and at nearly double the current level of average earnings growth, sets a dangerous precedent at a time of almost unparalleled uncertainty".

Now, all the parties agree with the national minimum wage, but every time that we propose increasing it, we once again get these doom-mongers. The way in which the Low Pay Commission has approached the national minimum wage has led to its success—one that countries such as Israel wish to replicate.

Mr. Brown: As someone who served on the Committee that considered the National Minimum Wage Bill, I am delighted with the progress that we have made in recent years. My area was badly affected by low pay, and the regional variation proposed by the Liberal Democrats would have done no good whatsoever. I do have anxieties, however, about unscrupulous employers. How many telephone calls have been made to the Government's helpline to report unscrupulous bosses, and how many prosecutions have come off the back of those calls?

Alan Johnson: My hon. Friend raises an important point about enforcement. I do not know off the top of my head the number of such telephone calls, but I do know that the vast majority of employers are complying with the national minimum wage. There is, however, an irresponsible minority, and since the introduction of the national minimum wage, there have been 38,000 investigations identifying more than £22 million in minimum wage arrears. My hon. Friend the Minister for Employment Relations, Consumers and Fair Markets announced last year a new concept of targeted enforcement, whereby we examine those sectors of the economy that our evidence suggests there is a particular problem with. So enforcement is very important, but the encouraging news is that, as I said, the vast majority of employers happily comply with the national minimum wage.

Miss Anne McIntosh (Vale of York) (Con): Does the Secretary of State accept that, in his obsession with the minimum wage, he has taken his eye off other low pay issues? Why are women in the civil service earning 25 per cent. less than men?

Alan Johnson: May I gently chide the hon. Lady? We are not obsessed with the national minimum wage, which is important in tackling the very issue that she raises. As I said, two thirds of those benefiting from the increase in the minimum wage will be women. Since its introduction, that gap to which she refers has closed—by some 4 per cent.—but not by nearly enough.

My right hon. Friend the Chancellor made several important announcements yesterday, including measures to double the number of skills coaches, which was a specific recommendation by the women and work commission; to use the national employer training programme, train to gain, to focus on low skilled women; and to spend £20 million in doing so. A number of other measures will be taken in accordance with other recommendations.

The hon. Lady is a very decent Member of Parliament—[HON. MEMBERS: "Hear, hear."] I am in that kind of mood today. However, she should stop attacking the national minimum wage, which is what she was trying to do in calling it an obsession, and celebrate it and the contribution that it is making to low pay in this country.

Renewable Energy

4. **Mr. Graham Allen** (Nottingham, North) (Lab): What measures his Department is taking to ensure that the UK meets its target of 10 per cent. of energy being generated from renewable sources by 2010; and if he will make a statement. [60674]

The Secretary of State for Trade and Industry (Alan Johnson): In 2003, the Government established the renewals obligation to support renewable generating capacity to help us to meet a target of 10 per cent. of electricity generated from renewables by 2010. In addition, we have invested £500 million in capital grants

between 2002 and 2008 to encourage research and development and installation of renewables and low-carbon technologies. We are making good progress with more renewable generation in the UK than ever before, but in order for us to go even further the energy review will look at the potential role of a variety of low-carbon technologies, including renewables, in helping the UK meet its medium and long-term energy policy goals.

Mr. Allen: Sweden is working towards an oil-free energy policy over the next 15 years, which incidentally will not require any nuclear power stations. My right hon. Friend will know that that topic has potential for immense social division in this country. Will he close the options down when we get to the conclusions of the review and, when the decisions are made this summer, will he take great pains to build a national consensus on the issue so that we may all go forward together?

Alan Johnson: My hon. Friend makes an important point about the experiences of other countries. In the energy review we will look closely at Sweden, and at Finland and other countries that have come up with different solutions. We would very much like to build a consensus. The first part of that is to have a proper review, based on all the evidence available, and then to publish the results, which will determine the future of nuclear energy in this country and will also be focused on other areas, such as renewables and technologies such as carbon capture and storage. We will seek to reach a consensus, not least because those are long-term issues and there needs to be certainty for business that we will carry on in the same direction over the years to come.

Adam Price (Carmarthen, East and Dinefwr) (PC): The Carbon Trust has estimated that up to 20 per cent. of the UK's energy needs could come from marine energy sources. Can the Secretary of State explain therefore why so many tidal power projects have been rejected by the Department, and in particular the Swansea bay tidal lagoon project, which the Department has condemned out of hand as prohibitively expensive?

Alan Johnson: I do not accept that we have not supported wind and tidal power. There has been a focus on wind, both offshore and onshore, but the technologies for both are more at the drawing board stage, compared with some of the others. We have announced a £50 million contribution to wave and wind power, and the marine Bill, to be introduced by the Department for Environment, Food and Rural Affairs, will tackle some of the planning issues that have emerged. I do not accept the criticism that the hon. Gentleman makes, but I do accept his point that wind and wave power is a crucial aspect of our energy future.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My right hon. Friend will know that a debate is taking place at European level about whether the EU target for renewables should increase to 15 per cent. by 2015. Can he assure the House that the British Government are actively seeking that higher EU target and will they press for an even higher target in the future?

Alan Johnson: That would cause us no problem whatever, given that our aspiration is to reach 20 per cent. in the UK by 2020. Because businesses need to see the long-term future of their investments, the further away we can set realistic targets the better. I congratulate my hon. Friend on his private Member's Bill, which will make a significant contribution to that whole area of renewable energy, if we can remove the blockage from the Opposition.

Hon. Members: Where is he?

Mr. David Heath (Somerton and Frome) (LD): The Budget announcement yesterday is good news for microgeneration. Does the Secretary of State accept that there are three issues relating to microgeneration? The first is to encourage research and production, the second to make it economically viable for the consumer, but the third is to remove the obstacles of regulation, whether through licensing or planning, that prevent people from installing sensible microgeneration schemes. Can he do something about that?

Alan Johnson: The hon. Gentleman mentioned three obstacles and I agree with him, but he could have added a fourth—the right hon. Member for Bromley and Chislehurst (Mr. Forth).

Next Wednesday, we shall be publishing our strategy on microgeneration, which will include the very issues that the hon. Gentleman raises, especially about renewables. I agree that yesterday we heard good news: another £50 million on microgeneration, with the £30 million already provided, really puts serious money behind that important aspect of our energy policy.

Manufacturing

5. **Vera Baird** (Redcar) (Lab): What recent assessment he has made of the state of the UK's manufacturing sector. [60675]

The Minister for Industry and the Regions (Alun Michael): Manufacturing contributes a sixth of our national wealth, employs more than 3 million people directly and supports a further 2 million people in the service sector. In a tough competitive environment, our manufacturing industry shows many success stories based on high value-added, high skills and high technology.

Vera Baird: The Tees valley economy is more dependent than most on manufacturing and processing. The new chair of our local chamber of commerce regards our economy as robust, and up to 10 investments are proposed in manufacturing and processing in my sub-region. However, the short-term problem, which faces the chemical manufacturing industry in particular, remains high energy prices; indeed, one plant in my constituency, at Wilton, has had to close temporarily due to that problem. Has my right hon. Friend any advice for that important industry about better prospects in the near future?

Alun Michael: I agree about the importance of the sector, and it is good to hear optimism from parts of the industry in my hon. and learned Friend's region, which

very much needs the strengths of our modern, manufacturing industry. Energy prices are certainly an issue for many parts of our industry, including, as my hon. and learned Friend says, the chemical sector. That is why it is such a high priority for the Government to tackle both short and long-term energy needs and why the energy review was set up. The situation is hitting industries in other parts of Europe, too, so the best advice I can give is, "Hold your nerve."

Peter Luff (Mid-Worcestershire) (Con): I declare a non-pecuniary interest as chairman of Worcester cathedral council.

Does the Minister agree that one of the problems facing British manufacturing industry is the unintended consequences of regulation? In that context, will he look at the impact of the European Union directive on the restriction of hazardous substances on a small but important British industry—organ building? Does he understand that the regulation will have the effect, if implemented as currently intended at the beginning of July, of destroying the industry, making it illegal to build new organs, such as the one we are planning for Worcester cathedral, and actually making it illegal for Durham to reconstruct the cathedral organ, which is currently lying in pieces in the cathedral?

Alun Michael: One of the great problems is the pessimism of people such as the hon. Gentleman. The directive to which he refers will not have an impact on the refurbishment or maintenance of existing organs, whether or not they have electronic components—the issue that has been raised. The pipe organ industry can apply for an exemption for new electronic organs and the Government are happy to continue to provide information to help it to do so. DTI officials have been in regular contact with those concerned and will be meeting the sector soon, so I trust that the hon. Gentleman will now become more optimistic about the future.

Mr. Jim Cunningham (Coventry, South) (Lab): I am sure that my right hon. Friend is aware of the concern about the lack of investment in manufacturing skills and research and development in the west midlands, and we have seen the motor car industry in Coventry diminish greatly. Can he enlighten us about what is happening regarding Peugeot in Coventry?

Alun Michael: As my hon. Friend knows, I have been in contact with the company and have met Mr. Folz, who heads it. We maintain regular contact and hope very much indeed that its engagement and production will continue in this country. Indeed, at the meeting that I had with Mr. Folz, he went out of his way to reassure us. Clearly, we are aware of the rumours and the concerns in my hon. Friend's constituency and in the wider region. That is why we maintain close contact with the company and will continue to share and communicate with Mr. Folz and his colleagues on these issues.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. May I just point out to Ministers that, if they turn their heads to their Back Benches, they go off microphone, which makes it very difficult for the *Official Report*?

David Simpson (Upper Bann) (DUP): According to the Federation of Small Businesses this morning, the scheme that operates for the manufacturing companies in the United Kingdom, whereby they can claim up to a 50 per cent. reduction on their rates, does not apply to Northern Ireland, although it is part of the United Kingdom. Can the Minister explain why?

Alun Michael: The simple answer is no. I leave matters that relate to Northern Ireland to colleagues who are responsible for them. However, support for manufacturing industry—for example, with the R and D tax credit—is generally available. There are many levels of support for manufacturing industry in every part of the United Kingdom, and I am afraid that questions of anomalies that relate to Northern Ireland are matters that the hon. Gentleman should take up with the relevant Ministers.

Mr. David Kidney (Stafford) (Lab): When I speak to manufacturers, I find that most of them are aware of the climate change levy and red tape, which could hold them back, but fewer of them seem to be aware of the R and D tax credit and the existence of the manufacturing advisory service, which could be of great benefit to them, and both of which the Chancellor announced were being extended yesterday. Does my right hon. Friend agree that he, his Department, ourselves as Members of Parliament and local chambers of commerce could do more to raise awareness of those two helpful benefits for manufacturers?

Alun Michael: My hon. Friend is absolutely right, and I try to give such encouragement—I did so yesterday when the FSB published its review of its members responses, which demonstrated, for example, that 4 per cent. of its members make use of Business Link, which is an interesting statistic, given that 96 per cent. of the people who use that service are satisfied with it and would advise others to use it. The benefit of the manufacturing advisory service is that it has put £213 million into the bottom line of manufacturers in this country, whereas the R and D tax credit has provided £795 million of support for small and medium-sized enterprises, apart from the support for large businesses. Anything that my hon. Friend and hon. Members on both sides of the House can do to help the success of our manufacturing industry by indicating the support that is available would be very welcome.

Mr. Alan Duncan (Rutland and Melton) (Con): Is it not undeniable that the number of jobs in the public sector has increased by more than 600,000, which is more than the population of Sheffield, while the number of jobs in manufacturing, which helps to pay for public sector jobs, has fallen by well over 1 million? Many companies have massive pension fund deficits. They face ever more burdensome regulation, and their corporation tax liability was not even inflation indexed in yesterday's Budget. Does the Minister agree with the Leader of the House, who said that

"Metal-bashing is no longer a vital national asset",

or with the Prime Minister, who said that

"A robust manufacturing base is a crucial element in a modern competitive economy"?

Alun Michael: Funnily enough, I agree with the Prime Minister. The hon. Gentleman seems to see a contradiction between those two remarks; I do not think that there is one. Where it is necessary for our industry to compete—and it is competing—is at the high-level, high-skill, high-value-added end of industry, and in that context, the Leader of the House is right. The hon. Gentleman talks down British industry. About two thirds of the new jobs in this country have been in the private sector, and we have seen considerable success in our manufacturing industry, despite the fact that the number of people employed in it has fallen, as it has in every developed country.

Mr. Duncan: The climate change levy was supposed to be revenue-neutral on the grounds that it also reduced employers' national insurance contributions. Since its introduction, both NICs and the levy have gone up. If the levy is genuinely to be a tax on climate change, not just a tax on energy use, surely all logic should compel the Government to design a system that constrains emissions, rather than just clobbers manufacturing. In what possible sense does the climate change levy distinguish between those who use energy that does produce emissions and those who use energy that does not?

Alun Michael: That sounded like an essay, rather than a supplementary question. The fact is that about 40 per cent. of the reduction in carbon has come from precisely the approach that the hon. Gentleman criticised, which is why we have succeeded in relation to the Kyoto agreement. It would be good if he pointed to the way in which the Government are supporting manufacturing industry and pointed industries in the direction of the help that is available to them, rather than seeming to want to undermine the success of manufacturing industry in this country.

Gas Prices

6. **Mr. Eric Illsley** (Barnsley, Central) (Lab): If he will make a statement on gas prices in the UK. [60676]

9. **Andrew Selous** (South-West Bedfordshire) (Con): If he will make a statement on domestic gas prices. [60679]

The Minister for Energy (Malcolm Wicks): I take the recent increases in gas prices very seriously and the Government are very concerned about their impact on industrial competitiveness and vulnerable households. I therefore welcome yesterday's announcement by the Chancellor that there will be an extra 250,000 subsidised installations of home insulation over the next two years. In the past year, global fossil fuel prices have increased, which has fed through to the UK. Prices have been particularly volatile this winter because of tightness in the market.

Mr. Illsley: My hon. Friend must feel like the character in the film "Groundhog Day" in that every day he wakes up to increasing gas prices. Gas prices recently have been at a level that is a threat to industry, particularly in my constituency. Companies such as the Carlton brickworks and two glass companies, Potters Ballotini and Redferns, are seriously under threat because of the level of gas prices. Although I welcome the fact that the European Union is now considering energy and our Government are undertaking a review, will he do something in the short term to investigate why prices here are so high and why the differential between the UK and Europe is so great?

Malcolm Wicks: I do look at gas prices and gas supply every day, but the sun is shining, soon there will be a host of golden daffodils and we will be out of the worst of this winter. The heavy users of gas and electricity, who use energy as part of the manufacturing process, have been hit very hard. For that reason, we are doing many things. We are pushing forward with the argument for market liberalisation in the European Union and I welcome strong reports from two European commissioners about that and the Chancellor's statement yesterday. Over the next year or so, there will be more infrastructure to bring liquefied natural gas into this country. The Langeled pipeline will bring a great deal of gas from the Norwegian fields.

Andrew Selous: Before the Minister waxes too lyrical about daffodils, perhaps he would like to reflect on the fact that many pensioners and low income households use pre-payment meters to pay for their gas. I have had complaints from many of my constituents that they not only pay more for their gas than direct debit customers but have not been able to take advantage of the recent price freeze offered to direct debit customers. Given the recent huge price rises, will the Minister take action to ensure that all customers are treated fairly?

Malcolm Wicks: The issue affecting vulnerable people, particularly the older elderly community, is a subject close to my heart and one in which I am very interested. I could write a book about it—indeed, I did. We need not be complacent, which is why I was so pleased by the Chancellor's announcement yesterday. We must attack the issue in different ways: first, through income maintenance proposals, such as winter fuel payments, and by targeting pension credit on the vulnerable; secondly, by making sure that the homes of the vulnerable become energy efficient, hence the warm front proposal; and, thirdly, by working with supply companies so that their social tariffs are intelligible to customers. I am talking to the supply companies about whether there could be some rationalisation so that the tariffs could be better explained.

Alan Simpson (Nottingham, South) (Lab): I am not sure that the host of daffodils will come as a great comfort to the 2 million people in Britain who have been thrown back into fuel poverty as a result of the 80 per cent. increase in gas prices since 2003. I welcomed the Chancellor's announcement yesterday about the

250,000 people who will get additional help under the warm homes programme over the next couple of years, but what discussions is the Minister having with the industry so that the 2 million people who have been thrown back into fuel poverty can be taken out of the equation and the Government can thus meet their commitment of removing all vulnerable households from fuel poverty by 2010?

Malcolm Wicks: We are discussing that with the industry and social policy on energy is a key feature of the energy review. As I said earlier, the issue is crucial, but we need to think about the threefold strategy that I instanced. At the moment, the oldest among the elderly are still the most likely to live in the poorest homes for energy efficiency, but it is especially important that through the warm front initiative and the so-called EEC obligation—energy efficiency commitment—on the industry, we ensure that good insulation, draught-proofing and decent boilers and heating systems become a right for the most vulnerable in this country.

Mr. Mike Weir (Angus) (SNP): The Minister might be wandering through hosts of golden daffodils, but in parts of Scotland there is still snow on the ground and freezing weather. The Chancellor yesterday pegged the winter fuel allowance at £200, and the Minister will be aware that the recent Trade and Industry Committee report on gas prices expressed disappointment about the lack of progress to deal with other vulnerable groups. Does the Minister accept that £200 is totally inadequate, given the recent huge rises in gas prices, and will he press the Chancellor to increase the allowance and extend it to other vulnerable groups in society?

Malcolm Wicks: I accept that there are no grounds for complacency because even in mild winters too many of our elderly people suffer from cold conditions. There is no room for argument about that, so we cannot be complacent and have to move forward. However, I also accept that the Government have done more than any other Government to tackle the problem. The number of people in fuel poverty was reducing until the worldwide increase in fuel prices hit domestic consumers and industry. We are working hard to find out what can be done about that. It is a crucial aspect of the energy review, and it remains a stain on our society that we have not fully tackled the problem. I am pleased about the progress, but there is much more to be done.

World Trade

7. **Ann McKechin** (Glasgow, North) (Lab): If he will make a statement on the progress made at the recent London meeting on the World Trade Organisation Doha round. [60677]

The Minister for Trade (Ian Pearson): At the meetings in London between 10 and 12 March, negotiators from the EU, US, India, Brazil, Australia and Japan engaged positively on the substance of the Doha development agenda, but failed to make a breakthrough in the talks. The Government remain committed to seeing an ambitious, pro-development outcome to the DDA by the end of the year and will do their utmost to bring that about.

Ann McKechin: The Minister will be aware of growing pessimism about the prospects for success in the current WTO round. Does he agree that if we are to correct the imbalance in world trade, EU Ministers should seriously consider increasing their offer when they meet this weekend, rather than simply calling for concessions from developing nations?

Ian Pearson: I know that my hon. Friend takes a great interest in these matters. Indeed, she was in Hong Kong, so she will appreciate some of the difficulties with the dynamics of the negotiations. There is growing recognition that we have perhaps gone as far as we can by taking incremental steps. What is needed now is the political will for us all to jump together. It is quite clear, from a European perspective, that countries such as Brazil, India and others in the G20 need to move on non-agricultural market access and services. It is also clear, from the UK perspective, that if they move, Europe should be able to move further on agricultural market access than it has done. We all need to choreograph this and jump together. We also need movement from the United States, Japan and others if we are to get a successful pro-development outcome to the round.

Mr. David Heathcoat-Amory (Wells) (Con): As the Minister knows, the EU has proposed steep tariff increases on imported shoes from China and Vietnam. That will raise the price of shoes in this country and damage Clarks Shoes, which is based in my constituency. How did the United Kingdom representative vote in the committee that considered those tariff increases?

Ian Pearson: I am certainly aware of the problem. Indeed, I met the chief executive of Clarks Shoes only recently to discuss the situation. He was very pleased that the UK Government had lobbied on behalf of Clarks and other manufacturers to exclude athletic footwear and children's shoes from the increases. We judged it best to negotiate with the Commission rather than oppose the increases from the outset so that we can secure improvements. It is very much a tactical issue, and we abstained from voting.

Sub-post Offices

10. **Matthew Taylor** (Truro and St. Austell) (LD): How many sub-post offices have closed since 1997. [60681]

The Parliamentary Under-Secretary of State for Trade and Industry (Barry Gardiner): Under Post Office Ltd's urban reinvention programme, 2,475 sub-post offices closed on a wholly voluntary basis, thereby strengthening the viability of the remaining urban network while ensuring that at the end of the programme over 99 per cent. of the population nationally still lives within one mile of their nearest post office. Outside the urban reinvention programme, 2,248 post offices closed between April 1997 and December 2005, as sub-postmasters retired or sold their premises but were unable to persuade anyone to take on the running of that post office as a viable commercial venture.

Matthew Taylor: The Minister is presumably aware that across the country tens of thousands of pensioners

are trying to support their local post offices and keep them open by using the Post Office card account. He may think it is right to close those post offices in 2010 and to write to pensioners urging them to change to a bank account, but I do not agree. Does he condemn the fact that the Pension Service is trying to frighten vulnerable pensioners into closing their accounts by sending them a letter that says that

"If Pensioners carry large amounts of cash they are vulnerable, and over 100 are mugged a week for their benefit. Most of the Post Offices pay customers all the benefit and therefore if the customer only wanted part of it they cannot pay it back into the account. With a Bank account they can draw as little or as much as they want"?

That is an attempt to scare pensioners, and a Government service should not tell people who are trying to support their local post office that they might be mugged as a result.

Barry Gardiner: The move to direct payment was absolutely right, as it has cut crime and benefit fraud. Since 1993, the percentage of pension and benefit recipients using direct payment has risen from 43 per cent. to 97 per cent., suggesting that it is people's preferred method. The saving for the taxpayer will be £1 billion to 2010. The Post Office card account was intended to help people without bank accounts to make the transition from order books to direct payment. More than 4 million people, as the hon. Gentleman suggested, still use a Post Office card account, but 70 per cent. of them have bank accounts too. Given that it costs the Government 100 times more to pay benefit through the POCA than by direct payment the taxpayer is entitled to expect us to examine it very closely indeed. As for the hon. Gentleman's question about whether—

Mr. Deputy Speaker: Order. Answers are becoming far too long.

Emerging Technologies

12. **Laura Moffatt** (Crawley) (Lab): What support his Department gives to companies developing emerging technologies. [60683]

The Minister for Industry and the Regions (Alun Michael): If I gave the full list, I would exceed the time available and test your patience, Mr. Deputy Speaker, which I would not wish to do. The Department provides a range of grants and manages the technology programme. We promote knowledge transfer, we provide practical advice through the business link network and we help UK experts to visit overseas centres of expertise. I shall write to my hon. Friend with full details, and place a copy in the Library of the House.

Laura Moffatt: I am grateful for my right hon. Friend's response, as companies such as Ceres Power in my constituency are developing fuel cells. The company is working hard to make sure that we develop new technologies, but it is not attached to a university, so it finds it difficult to access certain grants. I welcome the Chancellor's statement yesterday on further support, and I hope that many such companies become much more aware of what is available. However, I look forward to receiving my right hon. Friend's letter, so that I can tell them about those opportunities.

Alun Michael: I am happy to expand on those points. The grant for research and development provides the type of response that is appropriate to the individual company—for example, micro projects with simple low cost development projects; research projects involving a range of planned research; and development projects involving the shaping of industrial research. Exceptional projects involving technology developments that have higher costs and a more strategic focus are also available. At every level there should be a product that would assist the firm to which my hon. Friend refers.

EU Gas Market

13. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What discussions he has had with European ministers on liberalisation of the gas market in the EU. [60684]

The Minister for Energy (Malcolm Wicks): I will not add to what I said earlier about gas prices, except to say that they have increased across the whole of Europe. There is a huge global demand for energy and, in addition, we have a tight situation in the UK as we wait for the new infrastructure to bring in liquefied natural gas—the pipelines that I mentioned earlier from Norway, and so on. It is a difficult time, not least for heavy users of gas and electricity that choose to buy on the spot market, short term.

Mr. Crabb: As regards taking action in Brussels, is the Minister not concerned that current trends on the continent point not to further liberalisation, cross-border mergers and greater transparency, but to the rise of national monopolistic giants, which have proved to be roadblocks to investment in transnational infrastructure, greater liberalisation and lower gas prices in the long term?

Malcolm Wicks: The hon. Gentleman puts it well. Market liberalisation is European Union policy. Competition will bring lower prices. It is good for the German consumer and for the British consumer. The two commissioners have issued strong reports on the subject. They are determined to take legal action to bring about market liberalisation, and the hon. Gentleman will have noted the Chancellor's statement yesterday that at the European Council we are pressing for independent investigation and enforcement.

MINISTER FOR WOMEN

The Minister for Women and Equality was asked—

Positive Role Models

18. **Tony Lloyd** (Manchester, Central) (Lab): What steps the Government are taking to provide positive models of the role of women in society. [60691]

The Parliamentary Under-Secretary of State for Trade and Industry (Meg Munn): We have used positive role models very effectively, notably in science, engineering and technology. I recently spoke at the UK Resource Centre annual conference, which unveiled portraits of six inspirational women in science, engineering and technology, creating a legacy for future generations.

The centre has also launched the GetSET Women database, providing access to thousands of female role models and mentors.

Tony Lloyd: I welcome my hon. Friend's positive comments. Does she agree that a necessary part of providing positive roles for women is getting rid of the negative images of women, especially those portraying women as willing or at least acquiescent victims of domestic violence, violence and rape? Will she make it clear that our Government will have no truck with those who suggest reduced sentences for the perpetrators of violence against women, particularly rape?

Meg Munn: The Government are playing an active role in tackling all aspects of violence against women. The information about sentencing was leaked. The guidelines for sentencing have not been issued. They will be produced later this year by an independent body and the Government will respond. The Government take rape extremely seriously. We will do all we can to combat this heinous crime and to ensure appropriate sentences for those who commit it.

Jo Swinson (East Dunbartonshire) (LD): I am sure the Minister will join me in congratulating the positive women role models in sport, such as Olympic medallist Shelley Rudman, our 56 women Commonwealth medallists from the home nations so far, and the five courageous competitors in "The Games" who are women, including my hon. Friend the Member for Falmouth and Camborne (Julia Goldsworthy). Is the Minister concerned that awards worth £3.8 million are made to elite male athletes—over 50 per cent. more than the £2.3 million in awards to women athletes? That entrenches the existing male bias in sporting role models.

Meg Munn: I welcome the hon. Lady to her new position. I am not sure whether the Liberal Democrats are appointing anyone to deal with women's issues—

Mr. Edward Davey (Kingston and Surbiton) (LD) *indicated assent.*

Meg Munn: Perhaps we will find out later who that is. The Chancellor announced yet more money yesterday for investment in sport and to encourage everyone to get involved in it. On role models in sport, some of our best athletes at the last Olympic games were women—Dame Kelly Holmes, for example. We will continue to ensure that women get the opportunities that they need to do well in international athletics.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): Does my hon. Friend agree that, in all that they do, every woman Member of Parliament can be a positive role model for women? As eight women from the Gateshead young women's project are observing our proceedings here today, does my hon. Friend agree that women Members in their places today are indeed acting as a positive role model for women generally?

Meg Munn: I thank my hon. Friend for her question and I agree that every woman in the House should be a role model for women generally, particularly for younger women. I welcome the fact that my hon. Friend's constituents are here to observe us today. It is enormously important to encourage more women to get involved in politics, so it is crucial that they have every opportunity to come here and are not prevented from doing so by old-fashioned practices that work against them.

Angela Watkinson (Upminster) (Con): Is it not the height of hypocrisy for the Government to encourage others to provide a positive role model for women in society when its own splendid Minister for Women and Equality is the only Minister not to receive a ministerial salary?

Meg Munn: The hon. Lady is incorrect, as five Ministers do not receive salaries. I am not responsible for ministerial pay, but I wish that I had a pound for every time that I have been asked that question.

Mrs. Eleanor Laing (Epping Forest) (Con): I agree with everything that the Minister has said so far, but does she agree that the lack of role models is not the main problem for women in our country today? There have been many role models in this place—Barbara Castle, Shirley Williams and, the greatest of all, Margaret Thatcher—but that is not the key problem. What are the Government going to do about breaking down the barriers that prevent women from following their role models, whether it be in business, science, teaching or other professions? The Chancellor was vague about that matter yesterday.

Meg Munn: Committing millions of pounds to help women back into employment—and to woman returners, generally—is not what I would call vague. The hon. Lady will be aware that the women and work commission recently reported and recommended a range of measures to tackle the pay gap and to ensure that women get through the glass ceilings—or off the sticky floors, as we say—and overcome the barriers. The Government are considering all the recommendations carefully and will respond in due course.

Sex Industry

19. **Mr. Peter Bone** (Wellingborough) (Con): If she will make a statement on the Government's policy on tackling the trafficking of women for work in the sex industry under compulsion. [60692]

The Parliamentary Under-Secretary of State for Trade and Industry (Meg Munn): The Government are committed to tackling effectively all aspects of human trafficking, especially trafficking for sexual exploitation. We are currently consulting on the draft UK action plan, which outlines what the Government have done so far and proposes areas for future work.

Mr. Bone: I very much welcome the Minister's response but, 200 years after we abolished slavery, there is still this despicable trade in young women, who face enormous violence and cruelty. One thing that the Government could do quickly to improve the situation

is to sign the European convention on action against trafficking in human beings. I urge them to do that quickly.

Meg Munn: I have to disagree with the hon. Gentleman because signing that convention would make no difference to the actions that the Government are taking. The Government already have a comprehensive range of measures both to prevent and to deal with the problem of human trafficking. We are concerned about one aspect of the convention—that the automatic reflection period may be a pull factor in respect of immigration—but let me assure the hon. Gentleman that the case of every victim of trafficking is considered on its merits and that reflection periods are granted. We are further considering what needs to be done and I urge all hon. Members who are rightly interested in the problem to respond to the consultation.

Vera Baird (Redcar) (Lab): The convention is very important, of course, but the Government have launched an initiative to try to unite the travel industry, immigration services, police and port authorities in offering early contact for victims of trafficking who are arriving in our country without the language, without a friend and without a single contact, and are perhaps beginning to appreciate what their fate is. That is a laudable initiative, and I applaud it. What will happen to women who take the opportunity to make the contact that is offered? The Poppy project, which is a very good shelter and support project for women—

Mr. Deputy Speaker: Order. That is quite long enough. I think that the Minister will have got the point.

Meg Munn: When a woman makes it known that she is in that situation, the police need to become involved. Support is provided and her situation is considered, and then a plan is developed to enable her, with help and assistance, and in her own time—we recognise that the situation is often very traumatic and that women need time to reflect—to give her evidence so that we can track down the traffickers. We have a multi-agency taskforce in place and we will continue to work seriously on tackling this dreadful crime.

People Trafficking

21. **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): What discussions she has had with the Home Secretary on improving the support and assistance given to victims of trafficking who agree to help the authorities in a prosecution case against those who trafficked them. [60694]

The Parliamentary Under-Secretary of State for Trade and Industry (Meg Munn): As a member of the ministerial group on human trafficking, I work closely with Home Office colleagues to ensure that provision for victims is sensitive to women's needs. That includes reflection periods offered on a case-by-case basis. Our consultation on a UK action plan, which covers labour and sexual exploitation, includes proposals that will further protect and support victims.

Jim Sheridan: My hon. Friend will be aware that today two people have been arrested in Glasgow for human trafficking. I congratulate the authorities on bringing them to justice and I hope that the law is reflected in the sentences. What training do the authorities, particularly the police, get on dealing with women and young girls who are traumatised by this horrible crime?

Meg Munn: The range of training is important. We are undertaking work to ensure that a wider number of police are aware of the issues involved and trained in such a way that they will respond sensitively. We also have groups of police officers who work with other people to ensure that they can respond appropriately as regards women being brought into the country and women who are already here working and being exploited.

Business of the House

11.32 am

Mrs. Theresa May (Maidenhead) (Con): Will the Leader of the House give us the business for the coming weeks?

The Leader of the House of Commons (Mr. Geoffrey Hoon): The business for next week will be as follows:

MONDAY 27 MARCH—Continuation of the Budget debate.

TUESDAY 28 MARCH—Conclusion of the Budget debate.

WEDNESDAY 29 MARCH—If necessary, consideration of Lords amendments, followed by consideration of Lords amendments to the Immigration, Asylum and Nationality Bill.

Followed by consideration of Lords amendments to the Natural Environment and Rural Communities Bill.

Followed by consideration of Lords amendments to the Consumer Credit Bill.

The House may also be asked to consider any Lords messages which may be received.

THURSDAY 30 MARCH—Motion on the Easter recess Adjournment.

FRIDAY 31 MARCH—The House will not be sitting.

The provisional business for the following week will include:

TUESDAY 18 APRIL—Second Reading of the Commons Bill *[Lords]*.

It may also be of interest to Members to know that the business in Westminster Hall for April will be:

THURSDAY 20 APRIL—A debate on the report from the Science and Technology Committee on forensic science on trial.

THURSDAY 27 APRIL—A debate on the report from the Public Administration Committee on reforming the honours system.

Mrs. May: I thank the right hon. Gentleman for giving us the business for the coming weeks, which, as he announced, includes debates on the Budget. I understand that nothing will be said about the health service during those debates because there will be no speech from the Health Secretary. Last week alone, 2,000 NHS jobs were cut, including doctors and nurses, but the Chancellor had nothing to say about the health service. When I have raised these NHS cuts in the past, the right hon. Gentleman's response has been, "Don't you think financial management is important?". Of course it is, but we need a debate on what has caused the cuts.

Yesterday, the Royal Free hospital in Hampstead announced 480 job cuts and Geoff Martin, head of campaigns at London Health Emergency, said that that explained why the Chancellor had

"body-swerved the NHS question . . . Sacking nurses never looks good for the Government."

I am interested in his comments, because I remember him when he was a Labour councillor in the London borough of Merton. Government targets and bureaucracy lie behind those cuts. That is why they are genuinely Brown's NHS cuts. Let us fill in the gap that the Chancellor left in the Budget and have a debate on the NHS.

Some cuts are also being made in mental health services. In the Adjournment debate on Monday, the Minister of State, Department of Health, the hon. Member for Doncaster, Central (Ms Winterton) stated:

"Surveys show that only 11 of a total of 84 trusts have considered making small cuts in mental health services."—[*Official Report*, 20 March 2006; Vol. 444, c. 132.]

Today there is a written ministerial statement on mental health legislation, but according to the radio this morning, the Government will scrap the Mental Health Bill, little more than a month after our debate on mental health, when no mention was made of scrapping the Bill. Again, we learn more about the Government's actions from the media than on the Floor of the House. The Secretary of State for Health should make an oral statement on mental health services next week, so that she can be questioned by hon. Members and held to account for her actions.

Today, the Prime Minister is making a written statement on an independent adviser on Ministers' interests. I welcome what appears to be his change of heart. However, we have called for an independent review of the ministerial code for four years. Indeed, I repeated that call yesterday in Westminster Hall. Will the Prime Minister make an oral statement on that and confirm that the Chancellor played an active part in Cabinet debates on the matter? It is another subject on which the Chancellor has been strangely silent.

Today the chairman of Capita, Rod Aldridge, who lent money to the Labour party, resigned. Last year the Chancellor appointed him to chair his commission on youth volunteering. Will the Chancellor make a statement on Capita's links with the Government?

The Chancellor mentioned equal pay yesterday. He said:

"I can today announce new help for working women who want a wider range of career choices offering higher earnings and to close the pay gap with men."—[*Official Report*, 22 March 2006; Vol. 444, c. 293.]

To follow up the questions that have just been asked to the Minister for Women and Equality, does that mean that the Chancellor will close the 49 per cent. pay gap that exists for that Minister? After all, there is still no Chancellor of the Duchy of Lancaster, and the Department for Transport is one Minister down, so the money is available. May we have a debate on levels of pay? During it, we could perhaps discuss the pay offer in a Labour party advert last week, offering £28,000 to £32,000 for

"an experienced, successful, highly motivated and dynamic fundraiser to secure significant funds for the Labour Party."

That individual will be

"involved in all aspects of our key donor fundraising work where you will be expected both to initiate ideas and fulfil expectations."

We all know what those are. It is time that that the Prime Minister came to the House and explained himself.

Mr. Hoon: First, the right hon. Lady referred to the Budget debate. There will be a debate today, which will continue on Monday and Tuesday. There will therefore be every opportunity for hon. Members to raise any issue that they wish, not least the excellent funding that

[Mr. Hoon]

the NHS receives. As my right hon. Friend the Chancellor made clear, an extra £6 billion will be put into the NHS next year and a further £6 billion the year after.

If Conservative Members genuinely believe that that extra money should not be spent on the health service, they need to make it clear—rather clearer than the shadow Chief Secretary, the hon. Member for Chipping Barnet (Mrs. Villiers), speaking on Sky News yesterday. When she was asked:

"So therefore compared to what he"—

the Chancellor—

"is planning on spending you would be spending less?"

the hon. Lady replied:

"Um . . . It's . . . It would certainly . . . Yeah, yeah, undoubtedly that could be a possibility".

What a lamentable performance from someone who apparently aspires to run the British economy. Perhaps that explains why she has been pulled from the Budget debate and is not replying to it, as traditionally happens.

Indeed, the shadow Chancellor, the hon. Member for Tatton (Mr. Osborne), is not opening the debate either, as would normally be the case. Instead, we have the right hon. Member for West Dorset (Mr. Letwin)—I am delighted to see him on the Front Bench—who will no doubt be declaring his considerable interests when he gets up to open the debate, having refused to abandon his connection with the City when he moved jobs. It would seem that he is now back in the same job, without having given up his interests in the City, so we are not going to take any lectures from the right hon. Member for Maidenhead (Mrs. May) about interests. She referred to the chairman of Capita, and we know that he made a loan to the Labour party because the Labour party published that information. If the Conservatives are so keen on transparency, perhaps they should publish their list of donors. So far, however, we have not heard from them.

The right hon. Lady asked for a debate on mental health. The Minister of State, Department of Health, my hon. Friend the Member for Doncaster, Central (Ms Winterton) has issued a written ministerial statement on that subject, as has my right hon. Friend the Prime Minister on the subject of independent advisers. My right hon. Friend the Chancellor of the Exchequer made clear yesterday the Government's commitment to reducing the gap in women's pay, which we have consistently been committed to doing.

Mr. David Heath (Somerton and Frome) (LD): The whole House will wish to welcome the release of Norman Kember and the other hostages this morning. Next Monday will be the third anniversary of the start of the Iraq conflict, so perhaps this is a good opportunity for me to ask the Leader of the House again whether it is time for a debate on the political situation there. We simply never discuss the matter, which seems entirely wrong.

May we also have a debate on ministerial announcements to the House? It has long been a tradition that the Speaker has deprecated the release of material to the press before the House has been properly informed, yet Ministers carry on doing it. The most important information is that contained in the Budget, yet yesterday's *Evening Standard*, which was published on the morning of the statement, carried headlines about the additional cash to schools. It also said:

"Speaking exclusively to the Evening Standard before briefing the Cabinet this morning",

before going on to quote the Chancellor of the Exchequer. There was a time when that would have been a sacking offence, and we should have a debate on the matter.

The right hon. Member for Maidenhead (Mrs. May) has already mentioned the dropping of the Mental Health Bill. Many organisations are worried that the most objectionable aspects of that Bill will now be introduced as tack-ons to other legislation. May we have a clear statement of the Government's intentions for legislation in that area?

Lastly, may we have a debate on Cabinet vacancies? The right hon. Member for Maidenhead mentioned that we had now waited four months for an appointment to the splendid office of Chancellor of the Duchy of Lancaster—although I understand that the Chancellor of the Exchequer expressed an interest in the job yesterday. We have also waited a month since the Prime Minister announced with some fanfare that he was going to create a Secretary of State for social exclusion, and would have an imminent reshuffle to bring that new post about. As the Prime Minister is increasingly being shunned by those on the rich list, that could be the perfect retirement job for him—but I think that we should have a debate on the matter.

Mr. Hoon: I am grateful to the hon. Gentleman for raising Norman Kember's release. I am sure that I speak for the whole House when I say how delighted we all are for him and his family and friends that he and the two Canadian hostages have been released. It is important, however, to remember that an American hostage, a compatriot, was brutally killed in Baghdad. I would also like to praise the British forces, working alongside forces from other countries, for what has been described as their prominent role in securing the hostages' release.

We have had a number of debates in the House about the situation in Iraq, and I am sure that that will continue. We also have regular defence debates, in which it is possible for right hon. and hon. Members to raise that issue. I have spoken on Iraq on many occasions, and it is a matter that the Government take very seriously. We also recognise the importance of the views of right hon. and hon. Members.

As for ministerial statements, we have a practice of issuing written ministerial statements when that is appropriate, and they provide a considerable amount of detail. Ministers also recognise the importance of coming to the House when that is necessary, and it is something that they do on a regular basis. I looked at the statistics recently, and on average a Minister makes a statement to the House pretty much every other sitting day, so it is a regular occurrence.

As for press speculation, one of the interesting aspects of our great media is that if they speculate often enough about what will be in a ministerial announcement or a Budget statement, some of that speculation will be right. It necessarily follows that if enough ideas are spread

around, the media will get it right once or twice. I am delighted that the hon. Member for Somerton and Frome (Mr. Heath) believes what he reads in the newspapers about their sources of information. There is a touching naivety about the Liberal Democrats, which we all rather appreciate.

I have made clear the position on the Mental Health Bill. Of course, had the Government not responded to the debate and the various representations received, we would have been criticised for that. Again, I do not expect consistency from the Liberal Democrats—and I am not getting it.

As far as Government vacancies are concerned, I would have thought that the Liberal Democrats, and the Conservatives, who also raised the issue, would have praised the Government for the efficient way in which we are managing the business of the country. Obviously, not having a full complement of Ministers means that our productivity is higher.

David Taylor (North-West Leicestershire) (Lab/Co-op): There are growing concerns about the potential impact of the Legislative and Regulatory Reform Bill as presently drafted. Some call it the "Abolition of Parliament Bill". I do not accept that; I accept the Government's reassurances that they will not attempt to push through controversial legislation using this framework. Can the Leader of the House tell us what future opportunity Members will have to debate and table amendments to it so that although Governments have the right to amend, repeal and replace legislation they must always do so with the scrutiny of and accountability to the people in Parliament?

Mr. Hoon: There was a vigorous debate in Committee about the Bill, and the Minister responsible made certain undertakings to the Committee that the Government would in due course bring forward amendments. Those amendments could be tabled on Report, which obviously will take place on the Floor of the House soon.

Sir Nicholas Winterton (Macclesfield) (Con): May I remind the Leader of the House that one of his duties is to this House, in which capacity he should be non-party political, and seek to represent the interests of the House? Will he therefore use business questions less for party political propaganda and more in the interests of this House? And with regard to his role as Chairman of the Modernisation Committee, will he assure me that he and the Government—because he controls that Committee, unlike any other Select Committee of this House—will give proper and due consideration to the establishment of a business Committee for the House, which will be representative of Back Benchers, who can then take decisions on how this House deals with business and the amount of debate, as opposed to legislation, that takes place?

Mr. Hoon: I assure the hon. Gentleman that I was not in any way descending into what he described as party political propaganda. I was simply stating the facts. If Opposition Members do not like those facts, I can only apologise. Having chaired several meetings of the Modernisation Committee, I find the idea that I control it slightly astonishing, not least because the hon. Gentleman's regular contributions make it absolutely clear that I simply do not. Sometimes I cannot stop him talking. I find far-fetched the idea that I can guarantee the result. I would welcome advice from anyone as to how I would control him; unfortunately, I see that the Opposition Chief Whip has left the Chamber—*[Interruption.]* I see that there is a higher power present—and I am sure that the hon. Gentleman's wife, the hon. Member for Congleton (Ann Winterton), will give me some good advice on that subject in the future.

As for the idea of a business Committee, it has always been the tradition of the House that such matters are resolved through the usual channels. I see no reason to depart from that in principle at this stage.

Ann Coffey (Stockport) (Lab): Will my right hon. Friend make time for a debate on the interpretation by chief officers and councils of the code of practice for the conduct of local elections? I am very concerned about the possibility that guidelines issued by the chief executive of Stockport council, Mr. John Schultz, will prevent me, and other hon. Members, from fulfilling our responsibilities as Members of Parliament on behalf of our constituents during the pre-election period.

My right hon. Friend may have read in the *Stockport Express*, and indeed in *The Daily Telegraph*, that that same council is planning to turn off the lights in the town, and about my utter condemnation of that policy. My hon. Friend the Member for Denton and Reddish (Andrew Gwynne) has also had cause to criticise his Liberal Democrat council. I hope that my right hon. Friend shares my view that Members of Parliament have the protection of the House in carrying out their duties here and in their constituencies, and will agree to allow time for a debate so that the message can be conveyed loud and clear to those unelected local government officers who seek—without the authority of the House—to stop us.

Mr. Hoon: I note that you are paying careful attention, Mr. Deputy Speaker, as you always do when this matter is raised. It is obviously of great importance to Members in all parts of the House that they should be free to carry out their duties as Members of Parliament. That is a fundamental principle of this House and of this Parliament. If there are varying interpretations of the code of practice, that is not acceptable to Members.

I had the privilege of visiting my hon. Friend's constituency in a ministerial capacity, and I know what an assiduous and hard-working Member of Parliament she is. It is important for her and other right hon. and hon. Members to be able to carry out their duties in the House free of the constraints about which she has rightly complained.

Ann Winterton (Congleton) (Con) *rose—*

Hon. Members: How do you do it?

Ann Winterton: I do it easily.

May I support the request from my right hon. Friend the Member for Maidenhead (Mrs. May) for a full day's debate on the national health service, in Government time, for additional reasons? Three consultations are taking place concurrently, which is extremely confusing

[Ann Winterton]

for our constituents. The first is on the reconfiguration of primary care trusts, the second is on "Making it Better, Making it Real"—which threatens vital and popular services at Macclesfield district general hospital—and the third is on the future health care project. Those are important matters of which the public should be aware, and one of the consultations—on "Making it Better, Making it Real"—has been deeply flawed.

Mr. Hoon: As I have made clear to the House on a number of occasions, the Government welcome any opportunity to set out our excellent record on the national health service. I am sure that if the hon. Lady is concerned about the consultations, she can make appropriate representations to my right hon. Friend the Secretary of State for Health. If she is concerned about the funding of the health service, she will have an opportunity to raise it during the debate on the Budget, as I made clear earlier.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): Can my right hon. Friend arrange a debate on the impact of European Union directive 2002/95, which concerns hazardous substances, on the organ pipe-building industry? It is certainly the view of the industry, including the famous organ builders Harrison and Harrison in my constituency, that the directive will prevent them from manufacturing organ pipes, and will lead to job losses. The House will have heard the response from my right hon. Friend the Minister for Industry and the Regions to the hon. Member for Mid-Worcestershire (Peter Luff) during Trade and Industry questions. If it is indeed the case that the factory can apply for an exemption so that it can continue its traditional craft, could that please be clarified in the debate that is so urgently needed?

Mr. Hoon: My hon. Friend has made an important point on behalf of her constituency, and on behalf of those who work in the industry. I know that my right hon. Friend the Secretary of State for Trade and Industry takes the matter very seriously. The Government will pursue it, and I am sure that as it has been raised today, my right hon. Friend will write to my hon. Friend directly.

Mr. Bernard Jenkin (North Essex) (Con): May I draw the attention of the Leader of the House to a letter sent from a GP's surgery in my constituency by Dr. Philip Woodcock to the Secretary of State for Health? Dr. Woodcock complained that the local primary care trust was forbidding local practices to carry out certain procedures as part of an exercise in money saving and cuts that was taking place in the Colchester PCT area. Does that not underline the fact that the refusal of the Chancellor of the Exchequer to raise the issue of the health service in the Budget is one of the most inept political ploys that he has ever attempted?

Mr. Hoon: I have made it clear that we shall have three days of debate, following the debate that we had for most of yesterday, when Members can raise any issues they like. If the hon. Gentleman catches Mr. Deputy Speaker's eye, he will be able to raise his point about the letter. As he does so, however, he really must explain whether he is actually saying that health service organisations should not have regard to ensuring that the money that the taxpayer provides for health—in record amounts nowadays—should not be managed properly and used efficiently. That is the issue. Are the Opposition really saying, when they are admitting that they would cut the money going into public services—and therefore cut the money going into the health service—that we should not use that money effectively on behalf of the people whom the health service treats?

Mr. Tom Harris (Glasgow, South) (Lab): There are suspicions—possibly justified, possibly not—that the reason why some political parties do not want to identify individuals who have given them loans is that some of those individuals may be foreign. Is it not appropriate now for us to have a full debate on the Floor of the House so that we can discuss the future of party political funding, and so that the shadow Attorney-General can come to the House and expand on his comment earlier in the week that the Conservative party should stop hiding the names of individual benefactors?

Mr. Hoon: I am grateful to my hon. Friend for raising an issue that was raised earlier by the right hon. Member for Maidenhead (Mrs. May). Obviously the Government have recognised the need for transparency. We have changed the rules relating to political donations, and we have acknowledged that a further change is necessary. But if we are to have a proper debate in the country on this question, clearly all parties must come clean about the sources of their finance. Unless and until the Conservative party is prepared to do that, we shall not be able to have a proper and thorough debate.

Mr. Andrew Mackay (Bracknell) (Con): May I remind the Leader of the House that his primary responsibility is to protect the reputation of the House? As there is genuine public disquiet about the funding of the national health service, how can he justify the fact that the Secretary of State for Health will not take part in the Budget debate, and the fact that the Chancellor of the Exchequer did not mention the NHS once yesterday, for the first time in any of his 10 Budget statements?

Mr. Hoon: I repeat that there will be every opportunity for right hon. and hon. Members to discuss the funding of the health service during the debates that have been made available, and I am sure that they will do so. As for the specific question raised by the right hon. Gentleman, the Government have dealt with it by allocating so much time to discussion of these important subjects.

As my right hon. Friend the Chancellor has made clear, an astonishing amount of money is going into the national health service. That money must be managed, and it must be managed effectively. A very small number of health service organisations are responsible for deficits. I am surprised at the implication of what is being said by the Conservative party, which is that the Government should not have regard to ensuring that

that money—taxpayers' money—is spent properly, efficiently and effectively on behalf of the people of this country.

Vera Baird (Redcar) (Lab): I was very sorry that the shadow Leader of the House could not bring herself to give a sincere welcome to the initiatives that the Chancellor took yesterday to provide better training in skills for women. They have been welcomed universally by all except Opposition Members. The situation contrasts very favourably with the total lack of initiatives for women and work when the Conservatives were in government, while from time to time the pay gap worsened. None the less, acknowledging that there is a pay gap, and acknowledging that the report from the women and work commission contains some very good recommendations, may we have a full debate on those recommendations to establish whether we can make progress, and possibly even galvanise Opposition Members into taking a bit of interest in the issue?

Mr. Hoon: I am grateful to my hon. and learned Friend for raising the issue and setting it out in that way, not least because we were told that Conservative Front Benchers were going to abandon Punch and Judy politics—not least the right hon. Member for Maidenhead, who famously described the Conservative party as the nasty party. Yet what we have heard by way of a response to the Budget, including the matters raised by my hon. and learned Friend, is an eight-minute rant from the Leader of the Opposition, and opposition to every proposal.

Richard Younger-Ross (Teignbridge) (LD): Will the Leader of the House draw the attention of the Secretary of State for Trade and Industry to a BBC programme broadcast last night called "Whistleblower", which exposed illegal and shoddy practices among London estate agents? In some cases an estate agent had offered to sell a property for £100,000 below cost if the buyer would bung that estate agent £10,000. Will the Secretary of State come to the House and make a statement about the conduct and regulation of estate agents?

Mr. Hoon: We have just had Trade and Industry questions, at which the hon. Gentleman could have raised that issue; nevertheless, I recognise that it is one of great concern. I did not see the television programme to which he refers, but I have seen articles in the *Evening Standard*, for example, pointing out estate agents' apparent and alleged poor behaviour. On this occasion, I choose to give such reports some credibility. Members will need to return to this issue.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): May we have a debate on the Highways Agency's use of article 14 orders to block developments and the jobs that they would bring to areas such as mine, where such jobs are greatly needed if we are ever to achieve 80 per cent. employment? Businesses such as Northern Rock are prevented from expanding by the use of article 14 orders, which are meant to prevent congestion in areas that are overheating and where the roads have been fully expanded. However, that is not the case with the A1 and the A69, which in some places have not even been dualled.

Mr. Hoon: My hon. Friend raises an important issue that is of great concern to my right hon. Friend the Secretary of State for Transport. I will ensure that he writes to her about it.

Tim Loughton (East Worthing and Shoreham) (Con): Last night, I was rung by a journalist who told me that the Mental Health Bill will be dropped. We heard details about that this morning on the radio, and at 10.15 am the press were summoned to the Department of Health to be informally informed. Sometime afterwards, a statement appeared in the Library. The Secretary of State for Health really must make a statement to the House explaining where this legislation now stands. We have had a Green Paper, a White Paper, two draft mental health Bills and a pre-legislative Scrutiny Committee. How much money has been spent on this entire exercise, which has now come to nothing? What will the timetable now be for amending the Mental Health Act 1983, and how does the Secretary of State for Health propose urgently to deal with such legislation's conflict with the European convention on human rights? Simply issuing a statement and talking to the press really will not do. The Department must be accountable to the House for this very important legislation, for which we have been waiting for seven years.

Mr. Hoon: The hon. Gentleman has answered his own question, in that my right hon. Friend the Secretary of State for Health has issued a written ministerial statement—quite properly and in accordance with the rules of the House—setting out the Government's thinking. The Government remain committed, as the statement indicates, to introducing legislation to resolve certain mental health issues, and it will be introduced as soon as possible.

Mr. David Anderson (Blaydon) (Lab): The Leader of the House will be aware that, next Tuesday, this country could be hit by the biggest strike since 1926—in fact, the biggest strike ever of women workers. Can he arrange for the Deputy Prime Minister to make a statement to the House on what he, as the regulator of the local government pension scheme, intends to do to resolve this issue? The trade union has proposed positive changes, but the management is refusing to negotiate, even if there are no financial implications.

Mr. Hoon: My hon. Friend has rightly identified that the Government's responsibility in this matter is as the regulator of the pension fund, which means that we are obliged to ensure, on behalf of those who benefit from the fund, that it is properly funded. The issue between the trade union and the employers is one for them to negotiate, and we encourage negotiation rather than resorting to strike action.

I should emphasise to my hon. Friend the importance of ensuring that this pension fund is properly funded; if it is not, the very people who are contemplating strike action will lose out because their pensions will not be payable at the rates they are expecting. I repeat: I urge

[Mr. Hoon]

all those involved to negotiate instead of resorting to strike action, and I hope that my hon. Friend will join me in that call.

John Bercow (Buckingham) (Con): May we please have an urgent debate in Government time on the continuing crisis in Darfur? Given that foot-stamping by the Sudanese Government has effectively vetoed a vital United Nations troop deployment to Darfur, and given that, while the international community dithers and delays, Darfurians are dying in droves every day, is it not now time to decide whether the UN's proclaimed responsibility to protect is a serious attempt to avert genocide, or simply a piece of vacuous moral posturing?

Mr. Hoon: I am very grateful to the hon. Gentleman for raising this important issue, which many Members are concerned about, as are the Government. The Government are the second largest donor to that difficult area of the world, and we take this issue extraordinarily seriously. We have offered not only cash but assistance in kind, in the form of military and other expertise. I urge the hon. Gentleman to continue to raise this issue; he will have a further opportunity to do so next Wednesday, at International Development questions.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Notwithstanding the excellent measures announced in the Budget yesterday to protect vulnerable people from ever-increasing energy costs, and the initiatives announced today by the Minister for Energy, there remains one important question: the alleged link between the rising cost of oil and rising gas prices. May we therefore have an independent inquiry into that alleged link, which many serious commentators in the industry deny exists?

Mr. Hoon: As my hon. Friend knows, the Government are undertaking a major and thorough review of energy. They will look at that link, as well as our prospects of securing alternative forms of energy into the future. The Department of Trade and Industry is examining this issue in detail, and my right hon. Friend the Secretary of State for Trade and Industry and my hon. Friend the Minister for Energy are giving it careful consideration. My hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) will doubtless want to make representations to them.

Mrs. Iris Robinson (Strangford) (DUP): Will the Leader of the House find time to discuss the serious matter of this Government's and the Department of Education's duplicity in their treatment of the state-controlled and Catholic-maintained sectors in Northern Ireland? They are closing those categories of schools due to falling rolls, but they are allowing, through a charitable trust—which happens to be funded by the Department of Education—the building of new, integrated schools. That will have catastrophic effect on the sectors to which I have referred, which are already struggling in terms of pupil numbers.

Mr. Hoon: If the implication of what the hon. Lady is saying is that we should not encourage the integration of schooling in Northern Ireland, I would be very disappointed.

Mrs. Robinson: No.

Mr. Hoon: I am sure that the hon. Lady did not mean to give that impression. It is obviously very important that we promote integrated schooling that allows young people in Northern Ireland to grow and develop with knowledge of, and understanding of, all the communities represented in that part of the world. However, I will certainly ensure that my right hon. Friend the Secretary of State for Northern Ireland writes to her on this issue.

Andrew Gwynne (Denton and Reddish) (Lab): I echo the very real concerns expressed earlier by my hon. Friend the Member for Stockport (Ann Coffey). The ruling Liberal Democrat group on Stockport council is peddling irresponsible scare stories about savage cuts to Greater Manchester police, despite a 45 per cent. increase in the police precept over three years and record numbers of police officers, community support officers and support staff. Will my right hon. Friend therefore find time for a full debate on policing in Greater Manchester, so that the record can be put straight?

Mr. Hoon: My hon. Friend has done that extremely well through his observation. He is an assiduous campaigner in Stockport, and I am sure that the Stockport newspaper referred to earlier will cover his contribution and that of my hon. Friend the Member for Stockport (Ann Coffey) thoroughly.

Pete Wishart (Perth and North Perthshire) (SNP): Is the Leader of the House entirely satisfied that we will have sufficient time to debate the remaining stages of the Legislative and Regulatory Reform Bill, given growing concerns about its provisions? What has he got to say to the people of Scotland, who are increasingly concerned that a future, hostile Government could use some of its provisions to amend the Scotland Act 1998 to the detriment of the Scottish Parliament?

Mr. Hoon: I have already made it clear that there will be an opportunity for Members to discuss that Bill. Its remaining stages will be taken on the Floor of the House, where amendments can be tabled, debated and decided on.

Mr. Charles Walker (Broxbourne) (Con): Could we have an urgent debate on peerages? Unlike many of my colleagues, I do not really care if people want to buy the right to sit in the House of Lords, but I do care if people can buy the right to legislate in the House of Lords. Perhaps we could have a second tier of junior peerages, so that people can call themselves Lord Snooks but are

not allowed to pass laws. Perhaps the parties could have 10 each of those peerages and auction them on eBay to ensure that we get best value.

Mr. Hoon: I rather thought that that was how the hereditary peerage worked anyway. I know that the Conservatives secretly regret the passing of the hereditary peerage: they have certainly never given us much assistance in that and for many years they have relied on the hereditary peers to frustrate the will of the elected Labour Government. The hon. Gentleman makes his point in an entertaining way, but if we were to have such a debate, is he guaranteeing that his Front-Bench colleagues would reveal whether any Conservative peers have been elevated to that rank as a result of making an undisclosed loan to the Conservative party?

Mr. Edward Garnier (Harborough) (Con): Will the Leader of the House provide Government time for an early debate on the role of the Civil Aviation Authority in the east midlands? He will know that on 4 February there was an incident at Nottingham East Midlands airport in Leicestershire that the CAA has simply dismissed, despite the fact that information about the incident was provided by a member of the air traffic control staff at the airport. Is he also aware that the draft master plan produced by NEMA, as it is called, will double the number of night flights and quadruple the amount of freight flown over my constituency between now and 2010? Will he also invite the CAA urgently to look into the recent incident at Great Glen in my constituency last Saturday, when a large lump of ice fell from an aeroplane on to the car of one of my constituents?

Mr. Hoon: I know from regular use that Nottingham East Midlands airport is an excellent airport and the expansion that we have seen in recent years has provided a tremendous boost to trade and industry in the east midlands. The hon. and learned Member has raised some serious questions and I know that my right hon. Friend the Secretary of State for Transport will want to deal with them.

Mike Penning (Hemel Hempstead) (Con): May I back the calls for a debate on the future of the health service and, in particular, the cuts that will be made? My constituents face a £30 million cut in health care, leading to the closure of all the acute facilities at our hospital, including a brand spanking new stroke unit. My constituents want nothing more than a level playing field, so perhaps the debate could be used to explain why the Prime Minister's constituency, Sedgefield, gets £1,210 per head for health care, but my constituents get £960. That is a shortfall of £250 per head and could have kept some of those departments open. We want a level playing field, not rhetoric from the Leader of the House.

Mr. Hoon: Again, I have relayed to the House on several previous occasions the fact that the deficits in the health service are limited to a relatively small number of organisations. Some 50 per cent. of the deficits were incurred by just over 6 per cent. of health service bodies. I do not wish to minimise the difficulties that some health service organisations have had in managing their budgets, but I hope that the hon. Gentleman will join me in recognising that it is important that budgets are managed so that our constituents can have confidence that the money that they pay in taxes to provide excellent health care is used properly. On the specific issue of how those issues are calculated, he knows full well that the formula for funding depends on an assessment of the degree of deprivation and health problems in particular areas. It is right that those calculations should be made.

Bob Spink (Castle Point) (Con): At the last general election, all three main party leaders said that it was now necessary to review legislation to reduce the time at which the abortion of babies is allowed. When can we expect a review by the House, or is that another key issue on which the Prime Minister says one thing and does another?

Mr. Hoon: I know that the Chairman of the Health Committee is concerned to try to find a way to establish an appropriate consideration, not so much of the time limit itself but of the underlying science affecting it. That would be a sensible way forward and, if the hon. Gentleman wishes to do so, he could write to the Chairman and urge him to conduct an inquiry by the Select Committee.

Mr. Peter Bone (Wellingborough) (Con): Last night, I was contacted by a constituent whose father had had a heart attack in June 2005 and needed a bypass. On four occasions that gentleman has been admitted to hospital and four times his operation has been cancelled for non-clinical reasons. I urge the Leader of the House to have a debate in Government time on the health service so that the Secretary of State for Health has to reply to the debate.

Mr. Hoon: Everyone takes individual cases seriously, and it is important that they are resolved satisfactorily. However, it is equally important—as I am sure the hon. Gentleman recognises—that we should not treat individual examples of particular problems as somehow symptomatic of alleged widespread difficulties in the health service. The experience of right hon. and hon. Members across the country is of a remarkable improvement in the operation of the health service, and a significant reduction in waiting times. We need to continue and expand those reductions, but most Members of Parliament are delighted with the improvements that the Government have brought about in the health service.

Mr. Brooks Newmark (Braintree) (Con): Braintree community hospital was due to be completed last December. Unfortunately, not a single brick has been laid. When I asked the head of my strategic health authority what was going on, he explained that no business plan had been delivered because of the deficits in my primary care trust. May we have a debate on the funding crisis in our PCTs?

Mr. Hoon: I have made it absolutely clear repeatedly—I am sorry to have to say it again—that if the hon. Gentleman wishes to do so, he may raise the issue in the debate this afternoon, should he catch your eye, Mr. Deputy Speaker. If he cannot do so this

[Mr. Hoon]

afternoon, he could do so on Monday or Tuesday. There is every opportunity for the issues to be debated. I know that the hon. Gentleman is an extremely successful businessman and I would be astonished if he were suggesting that his businesses should run large deficits without being attended to by his accountants. His accountants would get the sack if they persisted in running deficits without attending to the underlying difficulties.

Philip Davies (Shipley) (Con): West Yorkshire police have recently announced that they are having to close the public help desk at several police stations, including two in my constituency at Shipley and Bingley. I am sure that the Leader of the House understands how important public access to local police stations is in reassuring people about the issue of crime. Will he show how seriously he takes the issue by agreeing to an urgent debate about public access to police stations?

Mr. Hoon: It is of course vital that the public should have access to and confidence in their local police force, which is why the Government have spent so much extra money on providing more police officers and more community support officers in every part of the country, ensuring that the police are accessible to the local community in a way that has never been possible before.

Dr. William McCrea (South Antrim) (DUP): The Leader of the House assured us today that he is anxious to have fairness and understanding across the community in Northern Ireland. Will he therefore find time to debate the deep offence caused by the Prime Minister in his foreign policy speech in London on 21 March, in which he referred only to the Protestant community? Does the Leader of the House not realise that the Protestant community has suffered the onslaught of IRA terrorism for the past 30 years and therefore resents being used as a political football in an international game?

Mr. Hoon: I am absolutely confident that my right hon. Friend the Prime Minister did not intend any offence to any community in Northern Ireland. I know from my experience in the European Parliament, where Members from Northern Ireland are vigorous in promoting the cause of their communities, that it can sometimes unconsciously cause difficulties if references are not properly made to all of the communities in Northern Ireland. I assure the hon. Gentleman that that would be my right hon. Friend's clear intention.

Territorial Army Rebalancing

12.19 pm

The Minister of State, Ministry of Defence (Mr. Adam Ingram): With permission, Mr. Deputy Speaker, I would like to make a statement about the Territorial Army, but before I do so I shall mention the situation regarding Mr. Kember. As a Defence Minister, I am pleased to confirm the involvement of British forces in the multinational rescue operation of Norman Kember. The rescue was the result of weeks of careful work and preparation and I pay sincere tribute to the professionalism of the British armed forces. To ensure that we do not compromise future operations, it is not appropriate to go into any detail about the operation or to confirm the troops involved. However, I stress how proud I am of the achievement of those involved in the rescue, which I know will be shared throughout the House.

For many months, the TA has been consulted widely about the changes we should make better to integrate it into future Army structures, which, I remind the House, we announced in November 2004. As a result, much of what I have to say will be of no surprise to TA units. Their views, at all levels, have been sought and their input has helped to define the review outcomes. I am grateful for their comprehensive engagement in that process. I would also like to inform the House that I have written today to all Members whose constituency TA units are affected by the rebalancing, with details of the changes to those units. I am also placing details of all the changes in the Library.

The size of the Territorial Army will not be changed. It will remain at an authorised strength of 42,000, including a university officer training corps of 3,500. Within that unaltered total, the changes we introduce will reflect the modern-day role of the TA as an integral part of our defence posture.

The great change in the TA, which came about as a result of the reforms of the late 1990s, was to move it away from its cold war role. In its place, a mobilisation culture was introduced, such that members of the TA would expect in future to be mobilised and deployed on a range of operations in support of our defence policy overseas, rather than be held in reserve for defence against an attack on western Europe. Since then, the reserves generally, and the Territorial Army in particular, have made a major contribution to operations overseas—for example, we have deployed about 12,000 in Iraq since 2003. Once again, they have in a real sense earned their spurs. I pay tribute to their ability to adapt, in just a few years, to the changing and very demanding circumstances of the new century, and I publicly acknowledge their appreciable skills and courage.

The operational experience gained from extensive use of the TA has allowed us to apply lessons learned in respect of its most effective employment. First, we are assigning to the TA its proper role in the more demanding contingencies for which it might be required to deploy. Each TA unit will be given a clear role to augment the regular order of battle for large-scale operations—those on a scale similar to the campaigns in the Gulf in 1990 and in Iraq in 2003. That is the role for which the TA will train.

Secondly, although we will structure the TA for larger-scale operations, we will continue to support individual members of the TA who want to volunteer for tours on operations of a lesser scale. Many soldiers indicate that they are very keen to deploy on such operations, and the experience they gain is invaluable. At the same time, we need to regulate the use of the TA so that unnecessary strains are not put on individual volunteers, their families or employers, so we will aim to limit the use of reserves on operations to one year in every five, unless individuals volunteer for more. Although that will be our aim, the legal position is that they can be called out once in every three years.

Thirdly, in designing our TA units, we will take account of the realities of TA service. There will always be some volunteers who are still going through their basic training, and others who for good reasons are not available for mobilisation when a particular crisis occurs. We have, therefore, made allowance in our unit structures for both a training and a mobilisation margin, so that TA units are more robustly structured to deliver the trained manpower needed for operations.

Fourthly, we will strengthen the affiliation of TA units to the regular units with which they are likely to operate, thus improving mutual understanding and operational capability. Closer affiliation to regular units for training purposes will also increase joint TA and regular training, thereby delivering more enjoyable, relevant and challenging training to the Territorial Army.

Finally, we will strengthen the support we give TA units, with about 240 permanent staff recruited to provide administration, welfare, training and employer support.

The organisational changes of TA rebalancing will include strengthening the Royal Engineer element of the TA, the establishment of which will increase by about 1,600, as well as increases to the TA yeomanry, or Royal Armoured Corps, and the Army Air Corps. The following new TA units will be formed: an Army Air Corps regiment to support the Apache attack helicopter regiments in the Regular Army, to be based in Bury St Edmunds; and a new Royal Engineer regiment—72 Engineer Regiment Volunteers—will have its headquarters in Gateshead, with a re-roled Parachute Engineer squadron in Wakefield, and will take under command squadrons in Newcastle and Sheffield. In addition, five new engineer squadrons will be raised in Kinloss, Cumbernauld, Failsworth, Northampton and Northern Ireland, as well as a new TA military intelligence battalion, which will have five companies based across England and Scotland. A military provost staff company will be formed in Colchester, which will be a new capability for the TA and will provide deployable expertise to assist and advise in the custody of detainees. A complete new transport regiment will be raised in the south-west, based in Plymouth, with squadrons in Truro, Dorchester and Poole.

As we have already announced, the TA infantry will be reduced by about 900 posts, and reorganised to form 14 TA infantry battalions as an integral part of the future infantry structure. We will now revert to the practice of naming TA battalions after the regular regiments of which they will form a part, rather than after the regions in which they are based. As fewer volunteers will be required as signallers, logisticians and combat medical staff, there will also be reductions in a number of other arms and services.

The changes I have outlined will happen not overnight, but over a number of years. For many volunteers, little will change at all. Those whose units are likely to change will, of course, be given every opportunity to discuss, understand and make an informed decision on their own future. The vast majority will, I am sure, continue to be active members of the TA.

Territorial Army volunteers have shown over the past century that they are extremely adaptable to the requirements of national security. The changes I have announced today will ensure that the TA continues to be a force for good in dealing with the challenges of the next century, as an integral part of our land forces. I commend them to the House.

Mr. Gerald Howarth (Aldershot) (Con): First, I thank the Minister for providing me with an advance copy of the statement. I join him in congratulating our armed forces on the magnificent job that it appears they have yet again carried out in Iraq, in the release of Mr. Norman Kember, which will be welcomed not only on both sides of the House but throughout the land and, I hope, throughout the whole free world. It follows the magnificent operation undertaken in September 2005 when British forces were instrumental in releasing two of our armed forces who were being held by the Iraqi police in Basra. As the Minister said, such operations illustrate the extraordinary professionalism of Her Majesty's armed forces, in which the whole House can take enormous pride.

I associate the Opposition with the tributes paid to the Territorial Army by the Minister. Members of the TA do an outstanding job and it is genuinely debatable whether the Government would have been able to carry out their operations in Iraq without the support given by members of the TA—not only in the specialist skills which they bring, but in their making up the shortfall in the Regular Army caused by the reduction in numbers under the Government.

As the Minister said, since we became involved in Iraq about 12,580 TA soldiers have been mobilised to plug the gaps. That number includes two extremely distinguished members of the reserve forces, my hon. and gallant Friends the Members for Westbury (Dr. Murrison) and for New Forest, West (Mr. Swayne), who have certainly played their part in the support of their country.

I also think that we should pay tribute to the employers, without whose support and co-operation in releasing their employees for deployment the TA could not operate. In particular, we should acknowledge the special contribution of small businesses, which often have to make great sacrifices when members of their staff are deployed.

In a written answer of the 22 February, the Minister stated that, at 1 December 2005, the total strength of the TA was 37,430, against an establishment of 41,610. Yet that figure was misleading, as it included 5,750 members of the Officer Training Corps. The truth is that the actual number of TA personnel stands at around 31,680, making the actual shortfall in the establishment, leaving

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out the OTC, about 6,500. Furthermore, according to a recent report in *The Herald*—a newspaper with which the Minister will be more than familiar—it is alleged that only a third of the TA is ready for operations.

More than 13,500 men and women have left the TA since the invasion of Iraq in 2003—over 6,000 have left in the past year alone. That translates to a rate of about 600 people a month leaving the TA. Previously, about 150 people a month left. The TA's manning levels are now at some of the lowest figures since it was formed in 1906, yet the rate of deployments is higher than at any time in recent years.

Across our armed forces, both regular and reserve personnel are being asked to do more with less. The Minister has presented the restructuring today as a means of increasing the TA's deployability and, of course, we welcome any increase in the utility of those forces. We particularly welcome the return to affiliating TA units to their regular counterparts—something that is more than symbolic, as it will have practical operational consequences. We also welcome the creation of an Army Air Corps reserve regiment to support the Apache attack helicopter. The Army has been particularly adept in using air reserves.

Although we also welcome some of the additional units proposed by the Government, we cannot understand the proposal to reduce some of the specialist units, such as medical staff. In the annual report for last year, the Ministry of Defence stated that there were areas of "critical shortage", and the latest available figures indicate that, against an establishment of 6,880, there were only 4,080 medics. Furthermore, we fail to understand why the infantry is to lose 900 TA personnel.

May I pose a few specific questions to the Minister? First, there is no mention in the statement of the civil contingency reserves. What has the Minister to say about the TA's role in countering terrorism at home and being available to deal with other civil emergencies?

Secondly, what significance should we attach to the mobilisation of a new combat legal force, something that sounds distinctly menacing, the form of a military provost staff company? Perhaps the Minister could tell us whether part of its role will be to root out the likes of Mr. Phil Shiner and others who seek to undermine the work that is carried out by armed forces. If so, we would welcome that new legal battalion to act in support of our regular and TA forces.

Thirdly, what can the Minister tell us about the haemorrhaging of TA members that I describe and the need to recruit, particularly given the strain that that places on employers? He mentions the objective that TA personnel should not be called up for further duty within five years. Can he tell us whether he expects to able to live within that or whether he will rely on the three-year legal requirement.

Fourthly, can he tell us what proposals he has to maintain a TA presence in the Orkney and Shetland islands? People there are keen for that presence to be maintained, so I hope that he can give us something positive on that.

Although some welcome changes have been announced today, we should be under no illusion that the Government are relying too heavily on the TA as a substitute for an adequate standing army. Today's announcement illustrates that fundamental. Rather than a rebalancing, this looks like a further web of cuts.

Mr. Ingram: The hon. Gentleman's reply was like the curate's egg in that he welcomed some parts of the statement, but I appreciate his opening comments in which he echoed some of what I said. Like him, I pay tribute to the employers—small businesses and others—who perhaps take the greatest strain in all this if any of their employees are called up, and they willingly co-operate with us in the main.

A bit of history would not go amiss. Let us remember that the TA was halved in the 1990s.

Mr. Howarth: The cold war ended.

Mr. Ingram: Given the end of the cold war, we considered what the post-cold war structure should be, as part of the strategic defence review. Of course, this further rebalancing will take account of the new Army structures and infantry structures. We are mirroring the restructuring, which involves recognising where the pinch points and the critical shortfalls occur. As the hon. Gentleman will be aware, we are re-roling about 3,000 Regular Army posts to try to make good that problem, and the same applies across the TA. That is why the rebalancing is taking place. It will give those forces greater usability and greater impact, and therefore greater influence over what we seek to do in defence of the national interest.

The civil contingency reaction force was not mentioned because it will remain unchanged. That role continues.

The hon. Gentleman asked about harmony, and I said that it was an aim, but a legal requirement is involved. I do not know how that will play out, because it depends on tempo and usage. We will seek, as best we can, to achieve the higher harmony guidelines, because we value our people, but my experience of the TA is that a lot of them want to serve anyway, and they want to do so frequently.

The hon. Gentleman asked about Orkney and Shetland. No change is planned on Orkney, but we are considering the possibility of closing the very small unit on Shetland. We are talking, from memory, about only 19 TA members, with three support staff. Although it does not quite fit the neat rebalancing, I decided that is appropriate to keep the Shetland unit. Over time, it will be re-roled to match the engineer unit on Orkney. We will deal sensitively with those who are currently in the TA. We have decided to retain the unit. I am conscious of the fact that we recently decided to close Saxa Vord on Shetland. If the unit had closed, it would have meant that there was a bit of the United Kingdom where the military was not flying the Union flag. I did not think that such a decision would be appropriate, given the remoteness of the island.

The hon. Gentleman asked about retention and recruitment. Of course, retention is clearly an issue. Some of the figures could be occasioned by the fact that, once people have completed their deployments and had their moment of contribution and excitement, some of them will probably leave, perhaps because they are under employment pressure. We need to get a better

handle on all that—a better understanding of it—but against a very significant decline in recruitment in the early post-SDR period, it is now increasing. That is encouraging, and we must seek to maintain all that.

As at 1 January 2006, there were 297 more recruits than in January 2005—a 1 per cent. increase. As at 1 February 2006, there were 323 more recruits than at 1 February 2005—again, a 1 per cent. increase. That looks like an upward trend, but we must maintain that. Again, I make the point that we have consulted extensively on that among the TA, and the rebalancing will give greater focus and an even higher level of commitment, if that is possible, in the way in which the TA conducts itself, because it will have all the new arrangements, with a more coherent structure.

On medical staff, there is no question that we have issues in relation to them. That is one of the critical points, and the NHS also suffers from it in trying to recruit. Our judgment is to get the numbers to a realistic size, but I mention history again: medical support to the Army was effectively undermined under the last Tory Administration.

Mr. Howarth: Ten years ago.

Mr. Ingram: Well, it is 10 years on, and we are recovering very significantly from the legacy that we inherited. We are growing the regular support and the number of the TA medical staff that we can recruit and retain is based on a much more realistic assessment of what the market can bear.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Minister is right to refer to the professionalism, adaptability, courage and tenacity of the TA, but recruitment and retention is still a key concern and the hon. Member for Aldershot (Mr. Howarth) is right to pay tribute to the tolerance of small businesses, in particular, in that regard. Those who leave the TA refer to three key things. First, they feel that they are not sufficiently valued. That is not true in the House, but it is certainly true elsewhere. Secondly, they do not always get access to the health care that they need when returning from foreign assignments. It is good news that the Minister has announced that they will be vulnerable to that only one year in five. The third problem is that many of them find that they have been sacked while they have been abroad. Is there anything more that he can do, among the welcome list of initiatives that he announced today, to reduce the chances of that happening so that those people are not deterred from serving their country in Iraq and elsewhere, where I understand that they have carried 10 per cent. of the load in the past three years?

Mr. Ingram: That is an issue. My hon. Friend is aware of the extensive support mechanisms that we have put in place to assist those in the TA. I am not making any announcements on that today, but I hope that a message comes out of the statement about the way in which we will take things forward and the important element of the additional staff who will be employed to work alongside our own people on welfare and administration and also employers, which will allow them to create a greater awareness of the vitality and importance of the TA. If employers are considering their business continuity needs, they will see that if there was a disaster in their area, the CCRF and the TA could well turn out, alongside the civil authorities. There could well be occasions when their own employees turned out to save the very businesses on which they depend. We can put over strong messages on this issue. Assistance from Members would be greatly appreciated—I know that my hon. Friend provides that—to get the message over about the importance, vitality and necessity of the TA.

Nick Harvey (North Devon) (LD): I welcome the liberation of Norman Kember and his associates and pay tribute to the professionalism and skill of those whose actions led to that. I thank the Minister for his statement, which should be welcomed as a broadly sensible measure to bring about the restructuring of the TA in line with the future Army structure plans. There was an implicit recognition by the Minister, at least of stretch—even if not of overstretch—on the part of the TA. It is right that the House should pay tribute to the work of the TA, particularly in light of the additional burden that it has carried in recent years.

We have already had exchanges about the recruitment and, in particular, retention difficulties in the TA during the past couple of years, when the duties on them have been much more onerous. Is the Minister confident that it will be possible to preserve the current levels in the TA, as he said today is his intention, or will further over-tasking make the problems even worse? Can the changes that he has talked about be achieved, given the recruitment and retention problems? What action is being taken to tackle the shortfall, which, however one calculates it, must, at the very least, be 4,000 or so?

It is welcome that the statement says that reserves will be deployed only one year in every five, or more if they volunteer. The Minister reminds us that the legal situation is that they can be called up one year in every three. Will he undertake to make regular reports to the House about the regularity of deployment so that we can monitor that?

I did not quite follow the Minister's reply to the hon. Member for Aldershot (Mr. Howarth) about medical staff. We all understand that there has been a shortage of medical staff, but the Minister's statement and his reply seemed to suggest that fewer staff would be required in the future. I do not quite understand how that can be.

Finally, on the military footprint—the geographical spread of the TA units—I noted with interest where the new units will be based. I have to confess that I have struggled fully to assimilate the significance of the tables because they seem to be colour-coded, but were faxed in black and white. In the fullness of time, no doubt we will get a better impression. It is essential that there remains the widest possible military footprint from the TA so that as many parts of the country as possible are supporting and engaged in the work of the armed forces.

Mr. Ingram: I thank the hon. Gentleman for his comments. He probably has a faxed copy of the tables, which is why it is black and white. He will have been written to with a colour-coded copy. If he has a colour fax—

Nick Harvey: I have.

Mr. Ingram: He has. Obviously in the Ministry of Defence, we are in a cost-cutting mood and we cannot

[Mr. Ingram]

quite match that. If the hon. Gentleman has anything spare in his parliamentary allowance, perhaps he could help. I apologise for what happened. The letter will include a colour-coded copy, which will assist him.

The core of the key points that the hon. Gentleman raised was about whether we were certain, or satisfied to some degree, that what we announced would be delivered. If we did not restructure or rebalance, we would have a problem, because there would be an incoherence in relation to what we are now demanding in terms of the future infantry structure and Army structure, and the TA would feel somehow second class. Over recent years, it has become obvious that that mood—if it ever existed in parts of our forces—does not exist any more. On my visits, it constantly strikes me, that, very early on in operational theatres, people stop asking others whether they are TA because it is impossible to tell. They are very much an integrated part—and even more so with the rebalancing.

I gave the improvement in recruitment. We have got to make sure that that is continued. There can be no guarantee on that. We are competing in a very difficult environment, because of high employment and other opportunities, and we will continue to do so. However, there is the fact that we are bringing the TA more into the Regular Army structure and that there will be single command at the top end in relation to how we recruit both for the Regular Army and the TA. Someone who expresses an interest in joining the forces, but may not want to join the regulars would immediately be notified of their opportunities in the TA and vice versa. That co-ordinated approach should help recruitment.

I was not saying that there was less need for medical staff. I was saying that medical support—the Defence Medical Services—was dramatically cut during the last Tory Administration. We are recovering from that legacy. It takes time to build things up. We are dealing with a massive increase in employment in the NHS, which relates to people going into the medical services. The size of the medical corps in the TA will match the real position. There is no point in having a large establishment that we will not need in a realistic assessment. Increasingly, there is a demand, but increasingly it will be met from the regulars, supplemented by the TA. I am talking about balancing those resources.

On stretch and overstretch, we have never hidden the fact that some areas are under pressure. We are going through the future Army structure rebalancing and carrying out the TA rebalancing to meet those demands and to ensure that we have better balance.

I am advised that there are colour copies of the tables in the Vote Office now. If anyone wants to leave and not ask me a question, I will understand.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. May I say to those hon. Members who are remaining to put questions to the Minister that if we have brief questions and answers, more of them may well be satisfied?

Mr. Kevan Jones (North Durham) (Lab): I welcome the statement and especially the announcement on the new Royal Engineer regiment that will be based in Gateshead in the north-east. Members of the Armed Forces Bill Committee who were in Basra two weeks ago were impressed by the professionalism, dedication and enthusiasm of the TA soldiers whom we met. I have met TA soldiers in both Iraq and Afghanistan who were working closely with CIMIC—civil-military co-operation—teams that were doing vital reconstruction work. Has any thought been given to how the array of talents, experience and skills of TA soldiers can be brought to the vital role of reconstruction in Afghanistan and other parts of the world?

Mr. Ingram: I am fully conscious of that work and witnessed during the early stages of Telic 1—just after the war fighting had ceased—the role playing by TA personnel in the reopening of Umm Qasr. I also witnessed it in Afghanistan. Water engineers who were being deployed for a different purpose suddenly realised that they had specific expertise, so some remained to work on Department for International Development and non-governmental organisation projects and made a valuable contribution.

Of course, if people have a specific skill but joined the TA to serve in a different role, we cannot instruct them to use that civilian skill. They are not in the TA to use such skills, although additional benefits can be gained from them. If people serve in an infantry role in a difficult environment, they must attend to their prime duties. We are sensitive to the matter, which, as my hon. Friend highlights, is important.

Mr. Keith Simpson (Mid-Norfolk) (Con): The Minister entitled his short statement "TA Rebalancing". Like my hon. Friend the Member for Aldershot (Mr. Howarth), I welcome it in broad terms. However, we should note that everyone accepts that, under the 1998 strategic defence review, when the Secretary of State was Minister for the Armed Forces, the TA was cut to fund the Regular Army changes—that is a fact. I welcome the rebalancing. Will we see a scale of weapons and equipment in the new units that is equivalent to that of regular units? Given the increasing role of the TA, especially on operations, what opportunities will there be for TA officers to command units on operations?

Mr. Ingram: As ever, I bow to the historical wisdom of the hon. Gentleman. I am not going back to the SDR because I am reporting on where we are now, although I appreciate his welcome for the statement—*[Interruption.]* The hon. Member for Aldershot (Mr. Howarth) is making noises off, but the numbers were halved in the 1990s. There has been a continual reshaping of the TA and we are now trying to get the best coherence.

The hon. Member for Mid-Norfolk (Mr. Simpson) asks about equipping the TA. If TA units are training alongside regular units, they will clearly need to have compatible equipment. They will use that equipment because they would otherwise be unable to fulfil their role. I do not expect that that will mean that TA units will have all the kit in their own establishments, but they will be able to draw upon it so that there can be effective training.

The hon. Gentleman asked whether officers will have the capacity to take on command and leadership. Yes, up to a point. The role of commanding officers will be to ensure that they form a unit with all the capabilities. TA officers at captain and major level will have the opportunity to serve in that capacity, as they have done with distinction in recent years.

Mr. Julian Brazier (Canterbury) (Con): The Government have done quite well over the past few years by ensuring that most deployments by Territorials have been formed sub-units commanded by Territorials. The Minister referred to individuals in his statement, so will he make it clear that the Government will continue to resist the demands of large elements of the Regular Army that the TA becomes a part-time personnel agency from which individuals, rather than formed sub-units, are drawn? I also thank the Minister for our meeting of a few weeks ago. I look forward to the detailed blueprint on the infantry and hope that the structure will encourage the retention, as well as recruitment, of good-quality people and, as such, look as much like a regular battalion as possible.

Mr. Ingram: I thank the hon. Gentleman for coming to see me. The meeting was part of my examination of the matter. It is good to get the experience of hon. Members such as him. I thank him for giving me a range of questions that I was able to pose to my officials.

The whole drive behind what we are doing is to ensure that the TA is integrated in the regular forces. We want to ensure that it is compatible, deliverable and able to achieve its objectives. It would thus be wholly wrong to see it as something that can be dipped in and out of. There will be training for a specific role in major operations because that is the right way of doing things. At any point in time, a third of the TA will be under training and two thirds will be trained—that is the constant cycle that is likely to apply. As I said earlier, it is impossible to differentiate between TA personnel and regulars in the main, whether they are in the infantry or any of the other skilled trades. That reality will grow over the months and years ahead. I do not think that the hon. Gentleman's fear will be realised. I do not think that that is what the Regular Army wants, and I am certain that the TA would not allow itself to be misused in such a way.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I welcome the news that the Minister brings about the Lerwick unit. He is right to say that it would be unacceptable for the Ministry of Defence not to have any presence in Shetland, and that view is widely held there. However, he will be aware that this is the second time in recent years when question marks have been raised over the future of the Lerwick unit. I think that that stems from the fact that there are specific recruitment challenges because of both the geography and local economic circumstances. If we are to have a strong future for the TA in Lerwick, special measures will need to be taken to entrench the unit's position. Will special consideration be given to the way in which we manage the unit?

Mr. Ingram: I thank the hon. Gentleman for his contribution and the representations that he and his local authority have made. I knew the deep feeling in the community and understood the strength of the argument, which, in a sense, was why I did not need a meeting. However, if there had been an overriding defence argument for not proceeding with the unit, I would have done that in the interests of defence.

The hon. Gentleman is right that the unit is small. I think that it is 19 strong, with two civilian and one uniformed support personnel. It is their role to assist, but the hon. Gentleman has a role to play, too. I know that he will be only too willing to help the unit to grow in strength. I am sure that the decision will be seen as good news in his constituency, so let us play on that and encourage others.

When I said earlier that there will be re-roling, I should perhaps have better explained that we will examine that to make it more consistent with what is happening in Orkney and the rest of the structure. I can give a "might", rather than a "definite", but I see the benefit of re-roling, although we must take into account what we are recruiting for and why people are recruited. We will deal with all that sensitively.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Every time the Minister makes a statement in the Chamber about the TA, it is accompanied somewhere, no matter how positive it is, by another salami slice and cut to the overall size of the TA. Today is no exception, because we read on page 3 of the statement that we are to lose 900 posts in the Territorial Army. I fully agree with my hon. Friend the Member for Aldershot (Mr. Howarth) that it is misleading to include members of the Officer Training Corps and the Army Air Corps in the overall figures for the reserve, so will the Minister please correct that? A new police force, or company, is being set up to deal with detainees. What type of detainees will be looked after and for how long will they be kept? Will the new company be going to Guantanamo Bay for preliminary training?

Mr. Ingram: I respect the hon. Gentleman, but his last comment was silly. We are dealing with serious matters. I think that this is the first statement that I have made on the Territorial Army in which I have not announced a cut. There are no cuts—the size of the TA remains the same. We are trying to grow numbers. I accept that the TA is under strength, as is the Regular Army. It has ever been thus—certainly, it has been the case for many decades. By rebalancing numbers and trying to integrate the TA with our regular forces we will give people who serve in the TA a new future and improve recruitment. The hon. Gentleman made a point about the setting up of the military provost staff company to deal with detainees. This is an issue, no matter where we are. If we go into a hostile environment we must have a legal construct for the way in which we deal with the individuals whom we apprehend. Clearly, that will be the case in Afghanistan. It is the case in Iraq, as it is in Sierra Leone, the Balkans and elsewhere. There are different memorandums of understanding and host country arrangements, and we need people who are well trained and capable of living within that legal construct and who understand it well. It is an area to which we

[Mr. Ingram]

must attend, hence the reason for the proposal. Those staff will be trained to our standards, which are exceptionally high.

Bob Russell (Colchester) (LD): I endorse the comments about the effectiveness of the Territorial Army, including comments by hon. Members with whom I recently visited Basra.

I welcome the Minister's statement about establishing a military provost staff company in Colchester, although I trust that that will not be followed by reductions in the signallers there. I welcome, too, the formation of the Army Air Corps regiment at Bury St. Edmunds, which will be welcomed across East Anglia. However, the Minister is rather modest, because if I have read the "Summary of Structural Change by Arm" correctly, an area medical squadron is to be established in my constituency. What numbers will be recruited, both to the military provost staff company and to the area medical squadron?

Mr. Ingram: I thank the hon. Gentleman for his welcome. This is an unusual occasion, as I do not think anyone failed to welcome the statement either wholly in part. We must wait and see whether there are any exceptions, but hon. Members realise that there is sense in the proposals. The hon. Gentleman is right that we will establish a new medical squadron—the designation is still to be confirmed—of the 254 Divisional Medical General Support Regiment. I will write to him with more details about that and the new military provost service. According to my figures, there are no cuts or reductions in his area, which does exceptionally well out of the Ministry of Defence, and serves us extremely well in return.

Mr. Mark Francois (Rayleigh) (Con): So as not to disappoint the Minister, may I express concern about further reductions in the TA infantry, not least given the problem of overstretch in the regular infantry of which the Minister is well aware? However, in the interests of balance, I welcome the decision to rename TA infantry battalions according to the regiments in which their regular counterparts serve. On that point, can the Minister assure me on the record that the so-called east of England regiment will be renamed the Royal Anglian Regiment TA? That is what it has been all along, but we would like the cap badge and the name to be fully established.

Mr. Ingram: I am sure that the hon. Gentleman will appreciate the fact that I have written to 92 Members, and that point has simply slipped my mind. Nothing has come through the ether to assist me, but I will write to him. He may be able to find the information in the detailed charts that we have provided. *[Interruption.]* If I may be allowed to respond to all the hon. Gentleman's questions, I might be able to remember the position. I appreciate his partial welcome, and I noted his concern about—*[Interruption.]* As ever, the one person whom one does not expect not to write properly is the one who passes the note, but my office will write to the hon. Gentleman.

The infantry reduction is consistent with what we are seeking to achieve in the future Army structure. It is about rebalancing and re-roling. We want to look at critical pinch points for logisticians, engineers, and the intelligence and provost corps so that our future structure can meet future threats. The TA rebalancing is compatible with that exercise. Recognising that recruitment has increased slightly, we must all work to make sure that that increase is maintained in our own areas. That will help everyone, not least the TA, to be more confident about how they can assist the regulars.

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [22 March].

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description—*[Mr. Gordon Brown.]*

Question again proposed.

Budget Resolutions and Economic Situation

1.5 pm

Mr. Oliver Letwin (West Dorset) (Con): I draw attention to my interests in the register. I draw attention, too, to my interests as a taxpayer and as a user of public services. We have had just under 24 hours to consider the Chancellor's budget. In the calm of reflection, two things are clear—£5.5 billion has been added to the tax bill over three years by the Chancellor and there will be £175 billion of net borrowing over six years. The most telling fact, however, is that the immediate crisis facing Britain is in the health service—a crisis that is captured by the evocative but surprising title of "Brown's cuts in the NHS"—but he remained entirely silent about that. In the past 20 or so hours, that fact has become more and more salient.

I never wish to impute to an opponent something that they do not sponsor. The Chancellor, however, has sponsored a vast increase in spending on the health service, as is clear in the Budget and is well known to the entire House. Bizarrely, however, the great increase in expenditure on the NHS goes hand in hand with the Chancellor's cuts. For example, 480 people were sacked in the last 24 hours, and 2,000 were sacked in the last week. Every hon. Member will have experience of what is happening on the ground in the NHS.

Ed Balls (Normanton) (Lab) *rose—*

Mr. Letwin: I will give way to the hon. Gentleman, but I will not do so on every occasion on which he seeks to intervene, as I suspect that he would wish to do so approximately once a minute.

Ed Balls: The right hon. Gentleman had a fine and distinguished career in the shadow Treasury, first as shadow Chief Secretary then as shadow Chancellor. He is now head of policy, and today he is probably shadow shadow Chief Secretary. Can he confirm that in all those jobs, it was Conservative policy to achieve falling public spending as a percentage of gross domestic product, and that the proceeds of growth of rule has consistently been applied in the past six years? Can he confirm that that is why the hon. Member for Chipping Barnet (Mrs. Villiers), who is shadow Chief Secretary, confirmed that the Conservative party would not match our commitment to increase state school spending to the level of private school spending? Is that why the hon. Lady is not on the shadow Front Bench today?

Mr. Letwin: I will pass over the absurd question about my hon. Friend the Member for Chipping Barnet (Mrs. Villiers). When I was shadow Chief Secretary I never fulfilled that role in Budget debates, and neither has my hon. Friend the Member for Tatton (Mr. Osborne) fulfilled his role as shadow Chancellor in such debates. However, I will respond—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order.

Mr. Letwin: I will respond specifically to the point that the hon. Member for Normanton (Ed Balls) made, quite reasonably, about sharing the proceeds of growth. The Chancellor has relied on his wise advice for many years, so I welcome them both to the fold. We are delighted that they are our comrades in arms, as they believe in sharing the proceeds of growth. Page 259 of the Red Book deals with the proportion of GDP to expenditure in successive years. I was not surprised to learn, given the buffers into which the Chancellor's fiscal policies have run, that he intends that the proportion of spending compared with GDP should fall in successive years. That is called the "sharing the proceeds of growth" thesis. I am delighted that the hon. Gentleman and the Chancellor now agree with us that that is a necessity. Having established that base, we come back to the extremely important question: where is the money going and is it being properly used?

David Wright (Telford) (Lab): Will the right hon. Gentleman give way?

Mr. Letwin: No, I shall make a little progress. The hon. Gentleman will want to hear the next part, before he intervenes.

The Chancellor said in July 1997:

"The public rightly wants to see more money put in the NHS."

Those are fine sentiments, which I echo. The right hon. Gentleman continued:

"But it wants the money actually to go to patient care."

That is what he said—

"actually to go to patient care".

How has he managed to do what he signalled in the first sentence, and so abundantly failed to do what he signalled in the second sentence? How can one spend £5 billion extra on the NHS in the current year and £6 billion extra in the succeeding year and nevertheless end up with Brown's cuts on the coalface of the NHS? That is a remarkable phenomenon.

Mr. Kevan Jones (North Durham) (Lab): Can the right hon. Gentleman explain why, whenever the

[Mr. Kevan Jones]

Government have increased expenditure on the NHS, he and his party have opposed it? He asks where the money is going. In Durham, when I was elected in 2001, waiting lists were 18 months to two years. They are now down to four months. That is where the money is going.

Mr. Letwin: I did not expect that the hon. Gentleman would pay much attention to the facts of an election campaign, as opposed to the rhetoric of his own party. I understand that that is often difficult for people to do. Had he read the plans that we put forward before the last election, he would have discovered that our plans exactly matched those of the Chancellor for the national health service. There was not a jot of difference. There were the same numbers in the same years. The hon. Gentleman's proposition, therefore, is entirely false.

Mr. Wright: Will the right hon. Gentleman give way?

Mr. Letwin: No, I shall make progress, as I mentioned.

There is a pattern that the House needs to examine and understand better. The Government and in particular the Chancellor, who has been the main guiding force of the Government all these years, have had fine aspirations. When the history books come to be written, the problem of the Government will be seen to be the mismatch between the aspirations and the achievements.

Mr. Ian Austin (Dudley, North) (Lab): Will the right hon. Gentleman give way?

Mr. Letwin: No, I shall make progress.

I shall give three or four examples of that mismatch outside the health service, before we return to the question why it is happening. I start with means-testing. I know the Chancellor is no longer very interested in the Prime Minister's views on matters, but the Prime Minister said in 1995:

"The aim . . . is to remove the stigma of means-testing for ever".

One does not need to rely on Conservative assertions about what has happened since. One can look at the Turner report, for example, although I know it is not the Chancellor's favourite document. It states that, if present policy is maintained,

"the percentage of pensioner households subject to means-tested withdrawal of state benefits at some point in retirement would rise steadily and would be above 70 per cent. in 2050".

That is a pretty remarkable achievement for a Government whose aim was explicitly

"to remove the stigma of means-testing for ever".

Mr. Paul Goodman (Wycombe) (Con): The Chancellor said it as well.

Mr. Letwin: As my hon. Friend says from a sedentary position, the Chancellor has no doubt on many occasions echoed the Prime Minister's admirable sentiment, and the Chancellor is the architect of the failure to achieve that result.

On red tape, again, the Government had admirable ambitions. Labour's 1997 manifesto states unequivocally, and I echo the sentiment entirely—

"We will cut unnecessary red tape".

There is obviously an oddity in the definition of "unnecessary". The British Chambers of Commerce has estimated that the cost to business of extra regulations introduced since 1997 stands at just over £50 billion. There have been 15 new regulations per working day since Labour came to office. Again, there is a mismatch between aspirations and outcome.

On council tax, before Labour was elected the current and temporary Prime Minister said:

"We will have to exercise restraint and limit local tax increases. . . We cannot allow ourselves to be forced into big council-tax rises".

Clearly, no Prime Minister can allow himself to be forced into anything, so I assume it is a matter of voluntary decision that, by April, council tax bills in Britain will have increased by 84 per cent. since the right hon. Gentleman made that remark in 1997.

Mr. Graham Stuart (Beverley and Holderness) (Con): Does my right hon. Friend agree with me and my constituents that it is not only the enormous rises in council tax, in direct contradiction to the promises made by the incoming Government, but the election bribe of £200 last year that rubbed salt in the wound, because yesterday we found that the Chancellor has failed to follow that up this year, so pensioners will be paying high council tax with no relief?

Mr. Letwin: My hon. Friend is right. During the election I recall saying to various journalists at various press conferences that there was a difference between the proposals that we made for a permanent reduction in council tax for the pensioners most affected by it, and the Chancellor's proposals, which we said would last only one year. I recall a journalist telling me—I do not know whether accurately—that the Government strenuously denied that that was a one-off move; it merely did not happen to be figured in the Red Book. I remember being told by one journalist that we were naive if we thought that that would be the effect, as he had received personal assurances from somebody—I do not know from whom.

My hon. Friend is right that one of the cruellest deceptions is that that £200 payment, on which many pensioners came to rely, is not present in the Budget. Did the Chancellor make a statement to the House about why that is so? No, he did not mention it. That is part of the pattern of the Budget.

Mr. Jim Cunningham (Coventry, South) (Lab): The right hon. Gentleman makes great play of the council tax rebate and speaks of cruelty to pensioners. May I remind him that the Conservatives increased the winter fuel allowance by only £10, whereas we gave pensioners £200?

Mr. Letwin: The hon. Gentleman will never be able to persuade the British public that the merit of the Government consists in being able to argue that some previous Government were less than perfect. The merits

of the Government must be debated and shown to the British public, if they want to earn their trust and re-election.

Several hon. Members *rose—*

Mr. Letwin: No, I shall make further progress.

The Secretary of State for Transport is probably also a temporary occupant of that office. I note that the Chancellor thinks highly of him, and no doubt he will in due course offer us his own Budget, but for the time being he is constrained to dealing with transport, an important role which he fulfils with distinction. He is aware that the Government promised to reduce road congestion below 2000 levels by 2010. *[Interruption.]* The Chancellor mutters. He is astonished that I should ever attribute to an opponent any nobility or propriety, but I do not believe that politics has to consist of being nasty about people. I tried to be nice about the Chancellor for some years, without the slightest effect on his consciousness. It works rather better with some of his colleagues, who are more inclined to an emollient view of life. The nation will see that in due course.

The Department for Transport made an admirable plan to reduce congestion below 2000 levels by 2010. It then concluded that that "is not achievable". The CBI estimates that congestion costs are running at about £20 billion a year for the British economy.

I shall give just one further example, although I have more, if tempted. There is no doubt that the Prime Minister was right in 1999 when he said that everyone should have the chance to see an NHS dentist—another splendid aspiration that everybody on both sides of the House could share. It is unfortunate that six or more years later, 48 per cent. of the population are not registered with an NHS dentist. Every one of my hon. Friends and, if they are honest, Labour Members have had letters from constituents in the past few weeks to ask what will happen to dentistry on 31 March. The fact is that there is a crisis in dentistry.

Mr. Austin *rose—*

Mr. Letwin: The hon. Gentleman has been so persistent that I shall give way, although this is the last intervention that I shall take for some time.

Mr. Austin: Now that the right hon. Gentleman is once again speaking about economic matters for the Opposition from the Front Bench, will he resign the directorships that he holds at Rothschild's, as he was previously forced to do?

Mr. Letwin: Nothing that I have said relates in the remotest degree to Rothschild's, and this brief and pleasant foray into the questions of this nation's finances is perfectly compatible with my declaration in the register.

We have come to an interesting question, which I imagine that Ministers must puzzle over in their quieter moments—even given their busy ministerial schedules, they must have quieter moments. They must ask themselves, "What is going on? What is getting in the way?" There is a vast wall of money and the cheques are being signed, but why is it not having the anticipated and genuinely desired effects? The nation and the House have not yet considered that question sufficiently. That process is beginning today, and I hope that we will have ample time over the next three or four years to examine that question in detail.

Let me advance a proposition to explain that bizarre phenomenon. This Government genuinely desire good results, and they want them quickly, which is why they are inclined to do something to achieve them quickly. However, they do not have any deep understanding of the reaction that is likely to set in on the part of society from the action of government. Action meets reaction, and reaction causes the action to be invalid and useless. It is above all the Chancellor who is the architect of that view of life, and he has a basically static view of society. He desires a good result and thinks that society will more or less stay in the same position, except that anything that he does will bring about a determinate effect. Unfortunately, society does not work like that, and I shall give some examples.

I have already referred to means-testing, and the fact is that the Chancellor is the architect of the vast increase in means-testing. He has increased means-testing because he genuinely wants to reduce poverty—he has a moral passion in that respect, and I pay tribute to it. On both sides of the House, there is a shared desire to see poverty reduced in this country, but the problem is that there has been a reaction. The extension of means-testing has resulted in a disincentive to save, which has been a principal cause, along with the Chancellor's raid on pension funds and many other things, of the destruction of savings in this country. The result of the lack of saving has, alas, been poverty beckoning for many people who should have been rescued from it.

If that were one isolated example, it would be important and interesting, but it would not be a pattern, but it is not one example, and it is part of a pattern. Let us consider the Secretary of State who rejoices in the title of Deputy Prime Minister. He, too, has an admirable ambition, which is again due to the Chancellor and which is again right, that there should be more homes in this country. We all share the view that we should have more homes in this country, because we need more homes in this country—many of my constituents cannot afford to buy a home. Unfortunately, however, because the desired result had to be achieved immediately without careful thought about reactions, the contractors who built those houses did not use low-carbon building techniques, because there was no incentive to do so. The result is rising carbon emissions, which directly contradicts the efforts that the Chancellor mentioned in his Budget and that the Government say that they are making to reduce carbon emissions.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Dorset primary care trusts are being made to hand back £11.5 million to the central pot in the Department of Health. That is having an adverse effect on PCTs in Bournemouth and Dorset, which are some of the best run and some of the worst funded in the country, and it is simply because this Government want to address the bigger problem of the national deficit in the NHS.

Mr. Letwin: My hon. Friend is right. We know the problems of the NHS in Dorset, because we represent

[Mr. Letwin]

Dorset constituencies. *[Interruption.]* My point is that Brown's cuts, which arise from Brown's largesse, can be explained by this pattern—

Madam Deputy Speaker: Order. Front Benchers on both sides seem to be making comments from a sedentary position. If hon. Members want to comment, perhaps they will do so in the usual way.

Mr. Letwin: You are right, Madam Deputy Speaker, as always. However, I have at least managed to provoke the Chancellor into discussing the NHS, which is more than we managed to do yesterday.

The Secretary of State for Transport (Mr. Alistair Darling) *rose—*

Mr. Letwin: I shall give way in a moment. *[Interruption.]* If the Secretary of State for Transport wants to join in and discuss the NHS, it is good news, but it would be better if the Secretary of State for Health were to come to the House and talk about the NHS.

Madam Deputy Speaker: Order. May we continue the debate in an orderly fashion?

Mr. Letwin: At business questions, we repeatedly asked for the Secretary of State for Health to come to the House, and I hope that the Chancellor and the Secretary of State for Transport will now make representations to her that she should take over a slot in the Budget debate or find another opportunity in order to allow us to debate Brown's cuts with her.

Mr. Darling: If I understand the right hon. Gentleman correctly, for the past five minutes he has been busy making an eloquent case for the Government to spend less, but a moment ago, he told the hon. Member for Bournemouth, East (Mr. Ellwood) that we should spend more on his PCT. When the shadow Chief Secretary, the hon. Member for Chipping Barnet (Mrs. Villiers), was asked yesterday afternoon whether the Conservatives would spend less, she said that it "would certainly mean that". Was she right?

Mr. Letwin: The shadow Chief Secretary was very clear. She said that we believe that over a period we should share the proceeds of growth, which is part of the Chancellor's programme, and that we should find a means of trying to deal with the Chancellor's ballooning borrowing, which is a prerequisite for economic stability.

In his intervention, the Secretary of State for Transport showed what happens when he amuses himself by talking to the Chancellor instead of listening to what is being said. My point may or may not be right—I cannot claim omnipotence or omniscience; I am a mere fallible human being—but at least it has a logic, and it would be helpful if the Secretary of State were to grasp it. It is not the case that spending a large amount of money achieves the desired result if the methods by which it is done are wrong. This Government have proved that it is possible to spend an enormous amount of money while achieving few of the desired results, if one manages to spend the money badly enough to create reactions from society that destroy one's own efforts, and my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) raised exactly such a case in his admirable intervention.

How can it be that the wall of money has gone through to the NHS, yet we have Brown's cuts all over the place? The answer is that what is going on in the NHS is a vast effort to deal with Government targets. The people who are getting into the most appalling mess on that issue include the now-to-be-ennobled former chief executive of the NHS, the Secretary of State for Health and, much more importantly, people up and down the country who are wrestling with the problem of trying to run hospitals. Despite the vast wall of money, people who are trying to run hospitals are encountering difficulties, because they must constantly chase targets under a system by which they get directive after directive after directive. They know not whether they are coming or going, so they are demoralised, which results in a health service that is not performing up to the levels which, like us, the Government genuinely and passionately want to see.

I have taxed the patience of the House enough. *[Interruption.]*

Madam Deputy Speaker: Order. Will all hon. Members please come to order to let us have a reasonably conducted debate?

Mr. Letwin: I had imagined that this would be a quiet event.

Edward Miliband (Doncaster, North) (Lab): Will the right hon. Gentleman give way?

Mr. Letwin: No. I said that hon. Members would welcome the fact that I was about to sum up, and so I shall do so.

There is only one way out of this conundrum, and that is to have a Government who understand that one has to trust people more and share responsibility with them. We must have a Government who recognise that the people who are working their socks off in our health service, our schools and our police services will not be able to do their job properly if they are constantly controlled by an overwhelming state with its targets, agencies and bureaucracy. The Chancellor can throw money at them left, right and centre, over and again, in Budgets where he does mention the NHS and Budgets where he does not. He can go on trying to pretend that he is going to solve the pensions crisis in Budgets where he mentions Lord Turner and Budgets where he avoids mentioning him—this Budget was one of those—but he will never succeed in achieving the admirable goals that we share across this House if he continues to try to run the country from a desk in Whitehall. It cannot be done and it will not be done. It will produce adverse reactions, as it is today, and the money will be wasted.

1.30 pm

The Secretary of State for Transport (Mr. Alistair Darling): I am sorry that the shadow Chancellor is not among us, and surprised that the shadow Chief Secretary is not—although I see that she has just

entered. There is something of a history in the Conservative party of people going missing when things get awkward. I well remember those happy days in Millbank in 2001, when the right hon. Member for West Dorset (Mr. Letwin), having announced his plan to cut £20 billion of expenditure, then went missing, only to reappear a few days later in a field dressed in a sheet—I think that he was meant to be a Roman emperor. Of course we also remember him in 2005, when he masterminded the plan to cut £35 billion from public expenditure, with similarly disastrous results for the Conservatives. I suspect that one or two of his colleagues wished that he had gone missing in that election as well.

Having heard the second speech on the Budget from Conservative Front Benchers, I am struck by just how light they have been on Conservative party policy. As the Chancellor said yesterday, if we consider the big issues that face this country and the choices that we have to make to see what is best in our long-term interests, whether on education, transport, fairness, taking children out of poverty or dealing with world poverty, the Conservatives have had absolutely nothing to say.

The interesting thing about the brief remarks of the right hon. Member for West Dorset—who is after all in charge of making Conservative party policy, which gives Labour Members some comfort—is that he made the case against any Government intervention at all. It was straight out of the book of the Republican party in the United States in the early part of this decade—arguing that Governments cannot make any difference. We believe that whether in education or transport, of course the efforts of individuals make a difference, but it is absolute nonsense to argue that Government cannot make any difference or that it does not matter how much or how little one spends.

The right hon. Gentleman eloquently demonstrated just how far to the right the Conservative party remains, despite everything that its leader has tried to pretend. It is clear that the dominant view in the Conservative party is now that the state—the Government—can play no part at all, and individuals should be left on their own, instead of the belief, which we hold, that Government can make a difference to the opportunities for people in this country, as we have shown by taking children out of poverty and improving their chances at school—and yes, by putting money into the health service, which has dramatically cut waiting lists. People had to wait 18 months when the Conservatives were in power; by 2008 that will come down to just 18 weeks.

Mr. Graham Stuart: The right hon. Gentleman's description of Conservative party policy is a total travesty. What we heard in the excellent exposition by my right hon. Friend the Member for West Dorset (Mr. Letwin) is that the Conservative party is now the party of our national health service. *[Laughter.]* Labour Members may laugh, but during the 1990s, under the Conservatives, productivity in the health service increased year after year. Since Labour came to power, where has the money gone? Where has it been wasted by this Chancellor? It has gone in falling productivity, as shown on page 22 of the booklet "Productivity in the UK 6", which was produced yesterday.

Mr. Darling: If the hon. Gentleman is talking about whether there are more doctors and nurses in the NHS, yes there are, and that makes a difference. It is why we have been able to reduce waiting lists, and it is one of the reasons why deaths caused by cancer and other diseases have fallen. But the right hon. Member for West Dorset was not making the case for the NHS. He was almost arguing the opposite—that it makes no difference whether one puts money into the NHS. We saw what happened when the Conservatives ran the health service for 18 years: we had long waiting lists. People had to wait for month after month to see a doctor, and for ages to see their GP. It is essential that we support people working in the health service, but we cannot do that if at the same time we deny them the means to do what they are supposed to be doing, which is treating patients.

Mr. Letwin: Does the Secretary of State welcome or regret the fact that 2,000 people have been sacked from the NHS in the past week?

Mr. Darling: No one can be satisfied with a situation whereby NHS trusts get into difficulties. However, the point is that we are spending more money, with £5 billion this year and £6 billion to come next year. The vast majority of trusts are able to cope. Surely the Conservatives are not arguing that if a trust gets into deficit year after year it should simply be bailed out. If some trusts can manage their affairs, others can as well.

In denying that there is a role for the Government or the state, the right hon. Member for West Dorset gets himself into the difficulties that were illustrated earlier this year, when he talked about reducing poverty and said:

"the next Conservative government will have to find means of empowering people at the bottom of the heap to have a larger share of an enlarging cake."

When he was asked,

"What does 'means' mean—does it mean money?",

he replied,

"I don't know yet what the means will be".

Of course the right hon. Gentleman has to say that, because the Conservatives have bound themselves dogmatically to their third fiscal rule, whereby spending has to fall as a percentage of gross domestic product regardless of the needs of the nation. Regardless of whether we need, as we do, to take children out of poverty and reduce pensioner poverty, regardless of what we need to spend on education or infrastructure, they are bound right from the start, before a single policy has been formulated, to cutting expenditure. First they said that they would do it annually, then over a Parliament, then over a cycle. That means that over the economic cycle, regardless of the needs of the economy, the infrastructure or any public spending, they have to cut their public expenditure.

Ed Balls: In light of that, was my right hon. Friend surprised when yesterday the shadow Chief Secretary confirmed not only that under the Conservatives spending would be lower than under this Government, but that the Conservatives would not match our pledge to raise the level of state school spending over time to that of private schools?

Mr. Darling: I was not, as it happens. I think that the hon. Lady was being disarmingly honest, which is

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probably why she was taken off the airwaves at 3.27 pm yesterday. She actually said what the Conservatives think. It is worth reminding the House what happened when she was interviewed on Sky television. I am glad that she is here, because she will no doubt take the opportunity to make any further clarification that she thinks necessary. She was asked by Adam Boulton whether

"compared to what he"—

my right hon. Friend the Chancellor—

"is planning on spending you would be spending less?"

She replied, "It would certainly"—or rather, for the sake of completeness, what she actually said was:

"Um . . . It's . . . It would certainly . . . Yeah, yeah, undoubtedly that could be a possibility."

It is pretty clear to me that the hon. Lady has eloquently set out precisely what is Conservative party policy. Regardless of what we might need on health, education, or defence—you name it—the Conservatives have got themselves into a position whereby before they set out a single policy, they are stuck with the fact that their third fiscal rule means that they cannot make any rational judgment as to what is required in the future.

Gregory Barker (Bexhill and Battle) (Con): When the Chancellor made the announcement yesterday about matching education funding in the private sector, had he forgotten that the Prime Minister made the same pledge in 2001, or does he simply not read the Prime Minister's speeches?

Mr. Darling: We have been moving towards that aim. We have increased expenditure on education. *[Interruption.]* The difference between the Labour and Conservative parties is that we have increased the money for education. We have reduced class sizes and refurbished and replaced hundreds of schools throughout the country. Doubtless the hon. Gentleman remembers the policy on which the Conservatives fought successive elections. They originally tried to encourage people to opt out. Subsequently, they have opposed every item of proposed expenditure in the past seven or eight years.

My right hon. Friend the Chancellor said yesterday that if we genuinely want to improve education standards and ensure that we have a highly skilled work force, two things are necessary. The first is continuing to make the necessary reforms to drive up standards. Secondly, we must back that up with the money necessary to employ teachers, provide the right IT equipment and so on. The Conservative party opposes that. The fiscal rule that it has adopted means that it cannot spend the money needed on education, or anything else, regardless of the needs of this country.

John Bercow (Buckingham) (Con): It would be helpful if the Secretary of State could grasp the obvious and straightforward proposition that expenditure is a necessary but insufficient condition of improvement in the public services. Given that thousands of children from state schools—I attended one, unlike the Secretary of State—are leaving school unable to read, is not it time that the Government stopped heeding the advice on teaching reading that Kimberley, Meek and Miller have proffered for the past 20 years in the psycho-semiotic framework that the shared reading lesson is viewed as an ideological—

Madam Deputy Speaker: Order. The hon. Gentleman is supposed to be making an intervention.

Mr. Darling: I have listened to the hon. Gentleman for several years, and there may be more in common between what he and I think than between what he and Conservative Front Benchers think. I believe that he accepts that reform in the classroom is essential but that one cannot improve education without spending at least some money on it. The right hon. Member for West Dorset opposes the extra money for education.

If we want to ensure that we have smaller classes, we need more teachers. If we want decent IT equipment in schools, we have to pay for it. When the Conservatives were in power and my children were in primary school, a computer was a rarity. There were computers in private schools but not in state schools. *[Interruption.]*

Madam Deputy Speaker: Order. Again I ask the House to come to order. Let us have a sensible and mature debate.

Mr. Darling: If we followed the Conservative party's fiscal rule, which means spending £17 billion less this year and £16 billion less next year, that would have a substantial effect on capital and other expenditure. Surely it must be obvious to the right hon. Gentleman privately—I understand his difficulty in blurting it out publicly—that the shadow Chief Secretary's eloquently expressed admission that "Yes, absolutely" there will be less expenditure, causes the Conservatives some problems.

Mr. Letwin: I do not know whether the Secretary of State has had an opportunity in his role as "shadow Chancellor" to examine page 259 of the Red Book. If he has, will he confirm that the Chancellor intends to follow the rule of sharing the proceeds of growth between 2007–08 and 2010–11? Perhaps the Chancellor can show him the page. Will he read out the figures for the percentage of GDP occupied by spending?

Mr. Darling: The Conservative party is committed to cuts over the cycle and substantial reductions in expenditure. That is completely different from the Government's policy. The Conservative party has committed itself, regardless of what is necessary, to cut public expenditure. That works out at £17 billion less this year and £16 billion less thereafter. That would have an effect—and that has been Conservative policy for most of the decade. I believe that it originated in the *Witney and West Oxfordshire Gazette* in October 2000, when the now leader of the Conservative party was a prospective parliamentary candidate and first set out his belief that spending needed to increase below the economy's growth rate. The Conservative party had the same policy in 2001 and in 2005. That is why it is suffering its current difficulties.

Conservatives have, more by error than judgment, got themselves into an economic policy that would, through their dogmatic adherence to a rule that makes

no economic sense, threaten the stability that we have built up. That is one reason why Conservative policies have no credibility. People will not be able to trust the Conservatives. Indeed, as the shadow Chancellor, who is sadly not with us today, said last September:

"Too often we have sacrificed long-term credibility for the prospect of winning support from an aggrieved section of the population or the possibility of winning a vote in the House of Commons".

He continued by saying that the Conservative party's

"Short-termism has hampered attempts to develop a long-term economic policy."

He was right.

Mr. Peter Bone (Wellingborough) (Con): The Government have been in power for many years, so they have had a long bash at governing. If spending on education has increased so much, why is a secondary school in my constituency being demolished when there is overcrowding in the other secondary schools and children are left at home with no education?

Mr. Darling: Approximately 20,000 schools have been repaired or replaced. Throughout the country, it is striking that there are so many new schools and schools beings refurbished. That is happening in my constituency and in constituencies all over the country. I suspect that most Conservative Members know that. They also know that class sizes are falling and that there is better IT equipment as well as other facilities that were simply not there eight or nine years ago.

If the Conservative party sticks to the third fiscal rule, it will mean that in future, it will not be possible for it to match our expenditure. I wonder whether the shadow Chief Secretary was right yesterday when she said that the Conservatives would not accept our proposals to increase expenditure on children who go to state schools so that it begins to match the money for those who go to private schools. Do they accept that?

Mr. Letwin: My hon. Friend the Member for Chipping Barnet (Mrs. Villiers) said no such thing. She was referring to aggregates. We have made it clear that we have no objection to the Chancellor's 1 per cent. increase in spending on Britain's schools.

Mr. Darling: Not only did the shadow Chief Secretary refuse, but the shadow Chancellor refused, when he was pressed on television last night, to commit himself to that amount of expenditure. *[Interruption.]* Sadly, I do not have the "Newsnight" transcript and I can therefore only go on the impression that the shadow Chancellor gave. *[Interruption.]*

Madam Deputy Speaker: Order. Again, debate is breaking out throughout the Chamber. Let us debate the Budget resolutions.

Mr. Darling: Perhaps we could clear up the matter. I am happy to give way to the right hon. Gentleman who speaks, at least today, for the Conservatives. Is the Conservative party committed to increasing education spending so that we spend the same per head on children who go to state schools as on those who go to private schools?

Mr. Letwin: I made it clear that we have no objection to the 1 per cent. increase in school spending that the Chancellor included in the Red Book. Will the Secretary of State tell us when it will happen and by what stages, and how much money the Chancellor will spend on that weird and waffly promise, which is a nice idea? Can he tell us anything about how and when it will be funded? We could then make a mature judgment about the proposition. Neither the document nor the Chancellor's speech contain any details about it. I hope that the Secretary of State will acknowledge that simply spending the money is not enough. That is the point that we have been trying to get into his head, and the Chancellor's head—and if they do not get it, the children of this country will suffer.

Mr. Darling: I think the right hon. Gentleman has just said that that was a nice idea—which could be Tory-speak for no. However, my answer to the question is yes, we are committed to increasing capital expenditure up to 2010–11, as was set out by my right hon. Friend yesterday.

Mr. David Gauke (South-West Hertfordshire) (Con): I would be grateful to know the time frame the Government have in place to meet their aspiration for expenditure on schools in the state sector to equal that in the private sector. How has that time frame changed since the Prime Minister made his original announcement on the subject in 2001?

Mr. Darling: As I said earlier, we have increased education spending and we will continue to do so. I would never wish to misquote any Conservative Member, but when the hon. Member for Chipping Barnet was asked whether the Conservatives were going to match us on expenditure, she said: "That's not the answer." That seems to raise significant doubt whether the Conservatives have any intention—let alone the ability—to match us on that. If they were prepared to match our goal of increasing expenditure on education so that we spend the same on children in state schools as on children in private schools, they should say so, rather than attempting to dance on the head of a pin and avoid the question.

Several hon. Members *rose—*

Mr. Darling: I shall give way to the right hon. Member for West Dorset, then I must make some progress.

Mr. Letwin: Let me repeat these simple questions. The Secretary of State wants us to match something. Right. When? How much? And how has it changed since the Prime Minister made the commitment?

Mr. Darling: The right hon. Gentleman could start by answering that he will meet our commitment to increase capital expenditure by 2010, as set out by the Chancellor yesterday—*[Interruption.]* Well, he does not want to answer that question. The Conservatives are finding every which way to avoid answering it. The reason why they have to do that is that they are stuck with this rule,

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which means that they are committed to a reduction in expenditure. That means that they could not meet the goal that we have set ourselves.

Miss Julie Kirkbride (Bromsgrove) (Con): Will the Secretary of State give way?

Mr. Darling: No, I want to make some progress, but I will certainly give way later.

With education, transport or any other measure, it is important to ensure that we are in a position to make real choices, and that is what the Budget allows us to do. As the Chancellor said yesterday, there are choices to be made between tax reductions and investing money to improve services and infrastructure in the long term. That is why we reject the idea that we should be tied to a dogmatic rule that would prevent us from making that choice.

On education, I agree with the proposition advanced by some Conservative Members that this is not just about money. It is also about implementing the necessary reform. However, there is a difference between us, in that when we see schools that are in difficulties or failing, we are prepared to do something about it, both in terms of teaching skills and of making the necessary investment.

Mr. Graham Stuart: The right hon. Gentleman says that when the Government see schools that are in difficulties or failing, they take action. As the Member for Beverley and Holderness, I have next door to me the authority of Hull, which boasts two members of the Cabinet among its Members of Parliament. In Hull, however, the Government are not turning the schools round. They are letting down the pupils. What is the right hon. Gentleman going to do about that?

Mr. Darling: When a school is in difficulties or failing its children, it is up to the local authority, supported by the resources that it gets from us, to do something about it. The Conservatives say that they are in favour of the reforms, yet they would deny the education system the means to carry them out—*[Interruption.]* Because if they are committed, as they are, to the rule that prevents them from spending the necessary money, regardless of the consequences, they will be unable to will the means of achieving those changes. The Conservatives are tied to a dogmatic rule that prevents them not only from investing in infrastructure but from improving fairness and opportunity in education.

John Bercow: The problem is that the right hon. Gentleman's rhetoric is simply not matched by the reality. Given that children in young offenders institutions receive on average only eight hours education per week, and that the Government say that they want to help the most disadvantaged people in our society, will the Secretary of State explain why no reference whatever was made to that subject either in yesterday's Budget or in the 167 clauses, 18 schedules and 228 pages of the Education and Inspections Bill? What is going on?

Mr. Darling *rose—*

Madam Deputy Speaker: Order. We are discussing the Budget resolutions, not what is in the Education and Inspections Bill.

Mr. Darling: The Budget, as the hon. Member for Buckingham (John Bercow) well knows, is primarily concerned with the allocation of resources and the decisions as to how they are spent. He is right to say that we need to improve the quality of training. That issue is being addressed, and the situation is steadily being improved. However, we need money to do that, just as we need money to help families with young children.

The Conservatives' attitude to tax credit and the pension credit is quite revealing. When they go on about means testing, it is clear that what they are actually against is the policy that we have pursued for a number of years, in which we have deliberately channelled more money into the hands of families with young children, and of pensioners on low or modest incomes. That is one of the reasons why we have been able to reduce child poverty and pensioner poverty—something that simply did not happen when the Conservatives were in office. When I see the shadow Chancellor expressing increasing scepticism towards these tax credits, it becomes quite obvious what the Conservatives are about. They have always been hostile to the introduction of tax credits, yet I believe that those credits have played a substantial role in reducing poverty and helping families with young children.

I turn now to the measures on the environment that were introduced in the Budget. They, too, reveal the gap between what the Conservatives say they are in favour of and what they actually do. The climate change levy has been very important, because it encourages energy efficiency in business. Through the levy, we have been able to reduce carbon emissions by about 28 million tonnes, which is a substantial way of meeting our Kyoto obligations. However, the Conservatives have made it very clear that, despite all their rhetoric, they continue to oppose the climate change levy. The Chancellor announced yesterday that, from next year, the levy will increase in line with inflation. It will be interesting to see what the Conservatives actually do, despite the talk of the Leader of the Opposition and other Conservative Members, when asked to choose between doing something that really does reduce carbon emissions and simply talking about that policy.

Gregory Barker: Does the Secretary of State agree that the climate change levy is simply a tax on energy, and not a tax on carbon?

Mr. Darling: No, I do not, because it does reduce carbon emissions. There was a time when I thought that there was consensus in the Chamber that we should reduce carbon emissions, but there is no point in simply talking about doing it. We need to produce the means of reducing them, and without doubt, the climate change levy has done that. That is why the Conservatives ought to support it, rather than opposing it. It is all very well

to talk about cycling to work and putting solar panels on houses. Yes, all those things help, but if we want to make a substantial reduction in carbon emissions, we have to will the means to do that.

Gregory Barker *rose—*

Mr. Darling: I will give way to the hon. Gentleman one more time. Perhaps he will tell us whether he will support the proposal to increase the climate change levy in line with inflation from next year.

Gregory Barker: The climate change levy could be a much more effective tool if the Government were prepared to look at the facts. Does the Minister agree that it is not effective? If it were, carbon dioxide emissions would not have risen in five of the past seven years. Will he further confirm that we shall not meet the 2010 target that was set out in the 2001 and 2005 Labour manifestos—

Madam Deputy Speaker: Order. These interventions are getting far too lengthy. There are people who actually want to contribute to the debate as well.

Mr. Darling: We will meet our Kyoto obligations. We have introduced a number of measures, and next week my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs will set out the further steps that we propose to take. One of them is to introduce an obligation to increase the use of biofuels, which will result in the equivalent of taking about 1 million cars off the roads every year. I hope that the Conservatives will support that as well. The measures that we announced yesterday to change the road tax paid will also send a clear signal to people that they should think long and hard about what they do to reduce the environmental damage caused not just by transport but by other means as well.

Miss Kirkbride: The right hon. Gentleman is trying to parade his green credentials, but the top rate of vehicle excise duty that the Chancellor announced yesterday applies to only 1 per cent of cars. Is that not rather timid as a green proposal?

Mr. Darling: The hon. Lady seems to be calling for even greater taxes on gas-guzzling cars. It is obviously important to have for road tax a reasonable balance between the top and bottom end of the range. There has been substantial change in that nearly half the cars will now pay a frozen or a reduced rate. That applies to the cars that are more environmentally friendly, but there will be higher rates for those that cause more damage.

Of course, that is not the only thing that we are doing. We have the road transport fuel obligation and, largely at our instigation, aviation emissions have been included in the European trading scheme. We are taking a number of measures.

Chris Grayling (Epsom and Ewell) (Con) *rose—*

Mr. Darling: I shall give way to the hon. Gentleman who speaks on transport for the Conservative party.

Chris Grayling: I am grateful to the Secretary of State for giving way. When the announcement was made yesterday, with a great fanfare from the Chancellor, of a new zero rate for vehicle excise duty, was the Secretary of State aware that it appears that only two cars are eligible for that zero rate, and that they are not currently on sale in the UK?

Mr. Darling: As the Chancellor said yesterday, there are a small number of cars in the zero-rated band, but the whole point of introducing the banding is to encourage the industry to become more efficient. As I said to the hon. Gentleman earlier this week, it is high time he started thinking about long-term solutions. If he has better solutions, then he should come up with them. The changes that we have made send a very clear signal to people, and they are important when we consider them with the other changes that we have introduced. When we vote on the climate change levy at some point, I hope that we will see the Conservative party change its mind. It is all very well to talk about these things, but if it is not actually willing to vote for the measures that reduce carbon emissions, all its talk adds up to very little.

Mr. Graham Stuart: Friends of the Earth said yesterday that it felt that the Budget had failed to provide a major contribution to tackling emissions in the long term. Does the right hon. Gentleman agree?

Mr. Darling: Over my years as Transport Secretary, nothing that Friends of the Earth has said to me has surprised me. Many environmental groups widely welcomed what the Chancellor said yesterday. I believe that that, and other measures, send a very clear signal to motorists.

Stewart Hosie (Dundee, East) (SNP): Yesterday's announcement on carbon capture and the memorandum of understanding with the Norwegian Government were very welcome. Do the Government have any estimate of the time scale for large-scale carbon capture and for carbon to be pumped into the North sea, starting with the emissions from power stations?

Mr. Darling: We want to get on with that as quickly as possible, and we will publish proposals. As the hon. Gentleman knows, quite a lot of work has been done—for example, at Peterhead power station—to see how carbon can be captured and stored under the North sea. We want to try to bring forward practical measures that will encourage that. I cannot give him a precise time scale, but everybody wants to press on as soon as we possibly can.

Nobody can be in any doubt that the problem of greenhouse gases is growing. The difference between us and previous Governments is that we are doing something about it by meeting our Kyoto obligations and making sure that we meet other obligations as well. To do that means that we have to support measures such as the climate change levy.

It is clear from the contribution of the right hon. Member for West Dorset, and from the little that was said by the Leader of the Opposition yesterday, that the Conservative party hopes that if it says very little, people will not notice what it is up to. The right hon. Member for West Dorset has gone further today, and confirmed what we always thought about where the Conservatives

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instincts lie. They are trying to argue that the Government have a very limited role, and cannot make a difference to the lives of people in this country. They have tied themselves to a fiscal rule that is absolute nonsense in economic terms.

In contrast, my right hon. Friend the Chancellor yesterday set out a clear direction for this country for the future. In particular, he showed how we can, from a position of strength, invest in education, continue to put money into other public services and make a real difference to the future prospects of this country. This country has been transformed over the past few years. We have built a position of strength that would have been undreamt of 10 years ago when the Conservative party was in power. For those reasons this Budget should be commended, and we should vote for it next Tuesday evening.

2.5 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I cannot recall a time in politics—certainly in my lifetime—when the Government have given us so much to talk about, but the official Opposition have had so little to say about it. The performance of the right hon. Member for Witney (Mr. Cameron) yesterday and of the right hon. Member for West Dorset (Mr. Letwin) today has been an affront to the House. They had the opportunity to hold the Government to account; they had the opportunity to—

Mr. Graham Stuart: Why is the hon. Gentleman attacking us?

Mr. Carmichael: Because you have said absolutely nothing and you are not fulfilling—

Madam Deputy Speaker: Order. I do not think that the hon. Gentleman meant to refer to the occupant of the Chair.

Mr. Carmichael: Nothing could be further from my mind, Madam Deputy Speaker. The official Opposition have not done their job and they are letting down the people who vote for them and who send them here.

Managing expectations is one of the most important aspects of politics, and it is something that the Secretary of State for Transport normally does exceptionally well. When I saw that the first full day of debate on the Budget was to be about transport, my expectations were raised. I really thought that we would hear a great deal in the Budget about transport, because many transport issues tick many of the boxes that seem to be important to the Chancellor. Transport can be a tool of economic development, it can be a tool for environmental improvement and it can be a tool for social inclusion. Those are all things that the Chancellor says motivate him and underpin his policies to date. However, there was virtually nothing about transport in yesterday's speech.

Last week, the Secretary of State gave us a tremendous speech about the future of the rail network. We were told about a new generation of high-speed trains; we were told about the possibility of double-decker trains; and we were told that we were going to have transport of which we could be proud. He also offered some sort of vision of a 20 to 30-year strategy. For an issue such as transport, that is exactly the right approach. We need to have more long-term thinking and more long-term strategic thinking. The absence of such long-term strategic thinking has caused many of the difficulties with the transport infrastructure that we have today.

Why did the Chancellor not follow that up yesterday? Why was there nothing about the railways in the Budget? We were told that it was going to be a green Budget, and there is an obvious link between transport and the reduction of CO_2 emissions. I welcome the new bandings for vehicle excise duty. They have the potential to make significant changes and to encourage the use of more environmentally friendly vehicles and to discourage the use of the more dangerous and damaging ones. However, the manner in which the bandings have been introduced has been timid in the extreme. It is mere tokenism.

As my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell) pointed out yesterday, the extra cost of vehicle excise duty for gas guzzlers will be roughly equivalent to the cost of filling half a tank of petrol for one of them. There is therefore no real disincentive for the so-called Chelsea tractors. Those who can afford such vehicles will not be put off from buying or using them by an increase in vehicle excise duty of that scale. However, the use of larger 4x4 vehicles is important for many people in constituencies such as mine and in other rural and remote communities. Such people—and farmers, in particular—operate businesses that work on very tight margins. The extra cost will make a difference to them, but no protection will be given to them.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): The right hon. and learned Member for North-East Fife (Sir Menzies Campbell) seemed to give the impression in his comments in the House that the increase in vehicle excise duty was not high enough. The hon. Gentleman, however, seems to be suggesting that it is too high. Can the Liberal Democrats be clear about what their policy is?

Mr. Carmichael: I hope that the hon. Gentleman will listen a wee bit more carefully from now on. I was saying that some meaningful protection was needed for those who will be hit hardest—*[Interruption.]* I do not know whether a Conservative Member wishes to intervene. *[Interruption.]*

Madam Deputy Speaker: Order. Does the hon. Member for Bexhill and Battle (Gregory Barker) wish to make a comment?

Gregory Barker: What protection does the hon. Gentleman suggest? Can he explain?

Mr. Carmichael: The hon. Gentleman has finally got to his feet and had the courtesy to ask the question properly. I can tell him that there is an opportunity, within the regulatory framework operated by the European Union, for derogations from vehicle excise duty for remote and peripheral communities. Spain,

Portugal and Greece have provided that for many years. We urged his party to do that when it was in government for many years, but it always refused to do so. We have always been told that it could not be done, but we found out recently that France has started doing it. That is the sort of protection that can be given.

Gregory Barker: So, farmers who have large 4x4s in the hon. Gentleman's constituency will get a subsidy, but farmers in my constituency, only 50 miles from London, will be penalised like the Chelsea tractors. Do I understand him rightly?

Mr. Carmichael: I shall not dwell on this point—the hon. Gentleman asked for one example. He is well aware that it is possible to put in place protection for people for whom it will make a difference. One means of doing that is on the basis of geography, as I explained. It is also possible that rebates can be offered through VAT or the tax system; that is not beyond the wit of man. My point—and he was one of those who was chuntering behind me earlier, complaining that I was not being hard enough on the Government—is that the Government have made no attempt to give us any of those protections. I find it difficult to understand the insistence that one size will fit all and be appropriate for all parts of the country.

Mark Lazarowicz *rose—*

Mr. Carmichael: I want to make some progress.

In the long term, we should be dealing not with vehicle excise or fuel duty, but with a proper system of national road pricing. The Secretary of State has made encouraging noises about that in the past but, again, we heard nothing about it yesterday. It is not as though we are short of transport projects needing support. In Greater Manchester, the Government still fail to demonstrate adequate commitment to the Metrolink expansion. Light rail schemes in Leeds, Liverpool and Portsmouth have all been cancelled. The Government guidelines on light rail procurement, which we were promised last December, have still not been published.

When it comes to new roads, however, it seems that money is no object. The Secretary of State will be aware that the National Audit Office is currently investigating how the Government's new road building programme seems to be spiralling out of control. The costs have gone from £3.5 billion to £5 billion. Where is the prudence there?

Money does not seem to be so readily available for road maintenance. Tomorrow, the annual local authority road maintenance report will be published. I will not pre-empt that, but it is fair to anticipate that it will be bleak. Much of England's road network is potholed and crumbling, which is dangerous for cyclists, motorcyclists, pedestrians and motorists. Filling in small potholes is not as sexy as building new roads—it does not provide the same opportunities to cut ribbons at openings—but it is necessary and important.

On the question of bus transport, I want to give a warm and genuine welcome to the proposals for free bus travel for pensioners, which will be introduced as a nationwide scheme in 2008. I commend the Secretary of State and the Chancellor for having at last caught up with their colleagues in Scotland and Wales in the implementation of a national scheme.

Mark Lazarowicz: It is, of course, a national scheme for England, as it is a national scheme for Scotland. That has the effect that my constituents, should they wish to visit the hon. Gentleman's constituency, can do so free of charge, but they cannot visit free of charge constituencies in Newcastle or elsewhere south of the border. Does he agree that perhaps we should consider a UK-wide scheme, or at least a mainland-wide scheme, as the next logical development from the welcome England-wide scheme?

Mr. Carmichael: That is an interesting idea, and surely not beyond the wit of man. A pensioner is a pensioner, whether he is in Scotland, England, Wales or Northern Ireland. I hope that some of the disputes about crossing boundaries that we have seen between different local authorities with the concessionary scheme being rolled out in England will not appear at a macro-level. That would be a missed opportunity.

While we will consider carefully the funding of the scheme to be rolled out by 2008, we must have more immediate regard to the situation facing local authorities that are trying to implement the scheme announced last year. That is forcing many local authorities into crisis as the 31 March deadline approaches. In Watford, for example, the Government provided funding of £300,000, but the eventual cost was no less than £830,000. In Bath and North-East Somerset, the shortfall is in the region of £200,000. Community transport schemes are suffering. Again, many people in remote and rural areas, where there is not an "ordinary" bus service, depend on such crucial schemes. They are not getting that sort of provision as part of the scheme, and I have heard of places where those schemes are being cut to allow councils to meet their commitments to the concessionary scheme.

York has struggled because it received some £855,000 from the Government rather than the £1,086,000 that the implementation of the scheme will cost. That pattern seems to be repeated throughout the country. In many local authority areas, councillors have taken the initiative and have been able to make significant progress in providing good, often multi-modal, schemes, which are popular and workable on a local basis. Surely it is not right that those schemes should be sacrificed on the altar of the one that they are being forced to introduce.

An awful lot of opportunities have been missed. The Budget could have delivered a great deal more for transport. The bottom line is that as an instrument of economic generation, environmental change and social inclusion, transport could deliver an awful lot more for the Government, if only they would take it seriously.

2.18 pm

Keith Vaz (Leicester, East) (Lab): It is always a pleasure to follow the hon. Member for Orkney and Shetland (Mr. Carmichael). He made his points very forcefully, but in a very moderate way. He also ensured that his party's policies in relation to the Budget were presented to us. As he reminded us, that was in contrast

[Keith Vaz]

to the speech of the right hon. Member for West Dorset (Mr. Letwin), who has now left the Chamber. He came in, delivered his speech and left—in the absence of the shadow Chancellor and the shadow Chief Secretary, although I was delighted to observe that the shadow Chief Secretary joined the debate halfway through the proceedings.

Gregory Barker: Surely the absence of the shadow Chancellor is not remarkable. The absence that is extraordinary is that on the Labour Benches. The hon. Gentleman is the single, solitary Labour Back Bencher who is present. Oh! Another one has just returned.

Madam Deputy Speaker: Order. I do not think that we need references to anyone who is or is not in the Chamber. We need references to the debate, which is on the Budget resolutions.

Keith Vaz: The fact is that every other Labour Member agrees on the success of the Budget, and I am clearly speaking on behalf of all of them—which is a great and powerful position to be in.

Listening to the right hon. Member for West Dorset took me back 30 years to when I first saw him speak, in a university debate. His speech today was almost identical to the speeches that he used to give at the Cambridge Union: very funny, made without a script, with the right hon. Gentleman making it all up as he went along—but with no substance. That is exactly what we heard today. It was basically an undergraduate speech, of a type for which the right hon. Gentleman became so famous when he was a student.

In contrast, my right hon. Friend the Secretary of State for Transport gave an excellent speech, setting out very clearly why the Budget would be such a success. When I returned to my office yesterday after the Budget speech, I was inundated with calls from constituents and others who were delighted with the support that the Chancellor is giving to ordinary working families, and with the success of the Budget and the 10 years of delivery of sustained growth to our country.

I have been in the House for 19 years. I came in with my right hon. Friends the Paymaster General and the Secretary of State for Transport. I have forgotten who was Chancellor of the Exchequer when I was first elected, but I do remember that every time a Conservative Chancellor stood up at the Dispatch Box to deliver a Budget, it was at a time of crisis. For 10 years we have had economic stability and growth, and that is a credit to the stewardship of the economy by my right hon. Friend the Chancellor—and, if I may say so, by my right hon. Friend the Paymaster General, who has been at the Treasury for as long as we have had a Labour Government.

Mr. Graham Stuart: It is a beautiful picture that the hon. Gentleman paints, and I am sure that we all enjoy the pastel colours in which he paints it, but will he concede that the stability and growth started long before the present Chancellor came to office? It started in 1992, since when we have experienced a period of continuous growth. Does the hon. Gentleman accept that the stability was created by the reforms of the last Conservative Government, and that this Government inherited the strongest economy in Europe?

Keith Vaz: No, I do not accept that at all. All that I can remember—and, I am sure, all that the hon. Gentleman can remember from that time, during which he was outside the House—is crisis upon crisis, with Conservative Chancellors coming to the Dispatch Box to try and deal with one or another of them. Whether it was the exchange rate mechanism or some other issue, they were dealing with a crisis. What we have had is stability and growth. What we have had, in the words of the Chancellor, is cultural stability. People expect from this Government the ability to deliver Budgets that will help working people in this country, and that is exactly what we were given yesterday.

Mr. Stuart: Perhaps, as the hon. Gentleman's memory is failing him, he will look at the inflation figures for 1997, when the current Chancellor came to office. The inflation rate then was 1.8 per cent., compared with 2.1 per cent. in 2005. Real growth in gross domestic product in 1997 was 3.2 per cent., compared with 1.8 per cent. today. Perhaps the hon. Gentleman will reflect on that and realise that the inheritance, not anything that the present Government have done, has made the difference.

Keith Vaz: Merely saying persistently that the economy was inherited does not justify the hon. Gentleman's proposition. I know that I will be 50 this year, but my memory is not failing me. I know what a crisis is, and that is what we had. I also know what stability is: the lowest level of inflation, the lowest interest rates, the lowest unemployment and the longest sustained period of growth in our country. I think that that is a huge credit to the Chancellor.

Of course, Oppositions have a duty to oppose what Governments do; that is the nature of opposition. I was an Opposition Member, along with my right hon. Friends the Secretary of State for Transport and the Paymaster General, for 10 years before our party became the Government, and of course one of our duties was to scrutinise. However, when the economy is going well and sustaining and benefiting our constituents, political parties have a duty to say so and to congratulate those who have made it a success. Indeed, the hon. Member for Beverley and Holderness (Mr. Stuart), has benefited from the economy's strength. I am certain that if the economy were not a success, the Opposition would have offered today a much more severe critique of this Government's efforts, instead of the platitudes and nonsense that we heard from the right hon. Member for West Dorset. Therefore, I welcome this Budget and the success that we have enjoyed in the past 10 years.

I come now to three developments that we heard about for the first time yesterday, the first of which is the additional resources that will be given to education. The overall education budget has increased in the past 10 years, which is only right. It is important that we have given so much money to education and that the economy is strong, so that we can generate the resources to enable our schools to provide our children with the best education that they have ever had. Of particular

importance was the decision to give the extra £440 million directly to head teachers. Members can doubtless cite past examples of secondary and primary heads raising with them their concerns about a particular expenditure item, or a staff issue that needed to be resolved. Under this Chancellor, instead of having to ask the local authority for money, heads have been able to use the special budget given to them to deal with urgent and emergency issues. The direct payment to secondary and primary heads gives them their own budget to spend on such matters, which is most welcome.

Like other Members, I write constantly to local education authorities asking for support for our schools. In the city of Leicester, we have a Liberal Democrat-Conservative coalition and, strangely, although they are unable to get along in Westminster, they get along extremely well in Leicester. Whenever I wanted to deal with a particular issue raised by a school in my constituency, I used to have to write directly to that coalition, and thus the paper chase began. Now, there is a budget that allows head teachers to interface directly with their stakeholders and to spend money on their schools. That is of enormous benefit to schools, head teachers and children.

Mr. Gauke: I presume that the hon. Gentleman supports the Education and Inspections Bill. In general, does he welcome the move to diminish the role of LEAs and to give greater power to schools, so that they do not have to deal with local government bureaucracies?

Keith Vaz: The hon. Gentleman tempts me to discuss a Bill that is not the subject of this debate—and I know, Madam Deputy Speaker, that you would admonish me if I went down that path. I voted for that Bill because it is in the best interests of our pupils and of education, but passing legislation is not enough; we must also give schools the money to implement these policies, which is exactly what the Chancellor has done.

The second specific expenditure item in the Budget—which I fully support—on which I want to touch is the money being given to prepare our children and young people for the 2012 Olympics. If we are to host the Olympics, it is absolutely vital that we have world-class athletes and that our young people are able to win medals. We cannot start indulging in these activities one or two years before the event. I know that we had a Labour Government for only three years before the millennium; nevertheless, we started our preparations for it far too late. We have six years in which to prepare our young people for the Olympic games, and we should all welcome the £600 million that has been allocated to allow us to train world-class athletes. There is a feeling in the east midlands, and Leicester in particular, that it is very much a London affair. By having the mini-Olympics all over the country—we certainly wish to ensure that we have them in Leicester—we will be able to train our young people early to compete with the best in the world. Starting six years ahead of time is right, so I welcome what the Government propose for the Olympics.

I also welcome the small but significant amount of money that will be provided to enable a memorial to be set up to those who died in the London bombings on 7 July last year. It is easy to forget and move on, but it is important that we understand the kind of society and country in which we live. Allocating funds for a memorial is not a mainstream issue for the Treasury—although of course money is—but it sends a powerful message that we stand united in the face of terrorism and that we will remember the innocent people who died, of all faiths and no faith, on that day. It is essential that we as a country recognise that and I hope that the money will be well spent. I hope that we will make a better job of it than we did the Diana memorial, which keeps flooding and which nobody can visit because people keep falling over. What a terrible memorial to a great public figure. I hope that the new memorial will be properly designed and executed so that we can remember those people properly.

Mr. Simon Burns (West Chelmsford) (Con): The hon. Gentleman has just told us all the things that he welcomes in the Budget. Given the situation of the NHS in Leicester, does he welcome the fact that the Chancellor did not mention the NHS yesterday?

Keith Vaz: My right hon. Friend the Chancellor spoke for one hour and two minutes, and that was a very, very long speech—as we all know. I do not think that we would have wanted my right hon. Friend to speak for any longer than that, so I quite understand it if he did not mention every single aspect of policy that the Treasury has been involved in over the past few years. He does not need to mention the NHS because he has given so much money to the health service in Leicester. From 1997 to 2006, the amount of money going to the health service in Leicester increased by 97 per cent. Waiting lists have gone down. However, I wait to hear from my right hon. Friend the Secretary of State for Health whether she will give the go-ahead to the pathway project, so that the three hospitals in Leicester that have been told that they can have £765 million can go ahead—just like Barts hospital, which has already received permission. However, that is not an announcement to be made by the Chancellor. As the hon. Gentleman knows as a former Health Minister and spokesman, it is the Secretary of State for Health who makes such announcements.

Mr. Burns: I appreciate that the hon. Gentleman understands that the Chancellor did not have enough time to discuss health in his Budget, but does he not think that his constituents would have been interested in how the money that will be made available to the health service will deal with the deficits in Leicester?

Keith Vaz: No, because my right hon. Friend the Secretary of State for Health is also a Member of Parliament for Leicester. We know where to go and whom to ask if we have any problems with the health service. I assure him that I shall meet my right hon. Friend shortly to ask her what is happening about the pathway project. I know that the money has been allocated and that the architects have spent £60 million on the hospital, so we want to know when work will start. Having my right hon. Friend there is very important because she will be able to give us the answers. We will expect those hospitals to be built, because that is the promise that was made. It is an issue

[Keith Vaz]

not for my right hon. Friend the Chancellor, but for my right hon. Friend the Secretary of State for Health, and I will certainly raise it with her.

Mr. Bone: The hon. Gentleman and I share the same strategic health authority; it is the worst funded in the country, which is why we have problems in the health service in the east midlands. Would it not have been useful if the Chancellor had done something to even out funding?

Keith Vaz: No, because my right hon. Friend has done a huge amount for our health service, which we welcome, so the issue that the hon. Gentleman raises is not for my right hon. Friend. The money has been allocated and it now has to be spent. I am happy about the amount we received in Leicester, but I want the three hospitals to be modernised. That is the promise that was made and we shall hold everyone to it.

In his intervention from the Back Benches, the hon. Member for West Chelmsford (Mr. Burns), who has now resumed his Front-Bench duties, said that I supported everything in the Budget. I do, but two important elements were missing and I hope that my right hon. Friend the Paymaster General will deal with them in her response.

The first missing element was specific support for the textile industry. Thirty years ago, 140,000 people worked in the textile industry in Leicester; today, the number is 28,000. The hon. Member for Wellingborough (Mr. Bone), whose constituency is in the Northampton area, knows that textiles also affect his constituency. I am worried about the industry—about the high level of imports to the European Union and the EU's failure to act properly to stop the dumping of goods. I want specific measures and help for the textile and footwear industries in Leicester, which are important not just for Leicester but for the whole country. If we invest in them, it benefits our whole economy. Before the war, one in every five white shirts in Europe was manufactured in Leicester. We had a huge textile and footwear industry, but it is disappearing. I ask the Treasury to look at that industry before the next Budget, to make sure that specific help can be given.

The second omission from the Budget speech would have taken up only an extra minute—unlike the health service. It is the Treasury's current assessment of our readiness to join the euro. In his Budget last year, the Chancellor said that he was not authorising a new assessment, but it is important that the Treasury keeps the five economic tests under review. I am fully signed up to the need for us to pass specific tests to join the euro. I understand why the Chancellor has said that it must be done, but I am concerned that we are not keeping the tests under review. In previous Budgets, my right hon. Friend has talked about the need for an assessment, so I hope that in the winding-up speech we will find out what has happened to the current assessment. We may not have met the five economic tests, but we need to be kept informed.

My final point is about the Lisbon agenda, whose sixth anniversary we celebrate this year, and our role as a competitive economy in ensuring that the rest of Europe reacts to the Kok report, commissioned by the European Commission last year, and to the decisions being made this very day in the spring European Council. My right hon. Friend the Paymaster General is a frequent visitor to ECOFIN, so she knows what it is like to deal with our European colleagues and how difficult it is to move countries along. The Lisbon scorecard is extremely important, because Lisbon was the first European summit to benchmark European economic success. We asked why, over the past decade, America was able to create 10 million jobs, while in Europe we could create only 1 million. It was due to the nature of our economies.

As my right hon. Friend knows, two reports have been issued this week. One was from the BRUEGEL group—the Brussels European and Global Economic Laboratory—and said that we were doing extremely badly and were way down the list in respect of the Lisbon scorecard. The second assessment, by the Centre for European Reform, was that we were at the top of the Lisbon scorecard, one of only three European Union countries to have met all three of Lisbon's employment targets.

It is all very well having the best economy in Europe, but we also need—I say this in all friendliness to my right hon. Friends—to ensure that we export some of that economic success to the rest of the European Union. That needs leadership from the United Kingdom on such issues and an acceptance that we must strive to achieve the benchmarks. We are leaders in Europe in economic reform and in the competitiveness of our economy. All that I ask is that we give emphasis and focus to those successes in the year that comes.

I have only praise for the Budget. I send a big thank you from my constituents to the Chancellor and his Treasury team for giving us the cultural stability that has been lacking in Britain for so many years.

2.40 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): The hon. Member for Leicester, East (Keith Vaz) is a fluent and capable speaker, but the collective memory of the House knows that that there is something wrong with his memory. To describe the period that Nigel Lawson was Chancellor as being a background of solid crisis is to show that the hon. Gentleman wasted the first few years that he was a Member. I remember very well the time that he was talking about. Indeed, the time of the Lawson reforms was the beginning of the settling of the economy's strength, which has given the extraordinary inheritance that the Chancellor benefited from when the Labour Government came to power. I imagine that, otherwise, his constituents will be much gratified by his speech and look forward to him exerting his authority to bring the mini-Olympics to Leicester, in which we look forward to seeing him perform in white shorts.

Hearing the Secretary of State for Transport speak is, on many occasions, like a near-death experience, and today was no exception. Even by his undemanding standards, it was an absolute corker of a speech. Given the huge transport issues that effect this country—many hon. Members face serious infrastructure problems in our constituencies—it was a very mere and disappointing speech indeed.

I congratulate the Chancellor on his 10th Budget—a record achieved only by one other Chancellor, Sir Nicholas Vansittart. I do not know what the Chancellor

has got to swank about—this is the 21st Budget that I have sat through in the House—but achieving his 10th Budget is a notable milestone. I am prepared to congratulate him, as long as he is prepared to remember that in his time—it has not been a wholly unsuccessful time—he has been able to build on the golden inheritance that he inherited from my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke).

I congratulate the Chancellor, as I have done every year since he has been Chancellor, on his decision to grant independence to the Bank of England. This time, I applaud very much the steps that the Government have taken, although belatedly, to assign more independence to the Office for National Statistics. I hope that that will enable us to bring greater integrity and accuracy to our statistics, which are so important for the assessment and forming of Government policy.

The Budget settles for the record the fact that the Chancellor is indeed a leading exponent of the old-fashioned tax-and-spend school. My right hon. Friend the Leader of the Opposition, in his admirable and energetic response yesterday, was certainly right: the Chancellor has indeed raised billions, he has spent billions and he has very little idea of where the money has gone or how effectively hard-working people's tax funds have been spent and to what ends.

Listening to the Chancellor, he rather reminded me of Christopher Columbus in that when he set off he did not know where he was going, when he got there he did not know where he was, when he came back he did not know where he had been, and he did it all on borrowed money. Listening to his rather manic presentation, one was very conscious of the fact that, as my right hon. Friend the Member for West Dorset (Mr. Letwin) pointed out, it is not necessarily how much money is spent, but the way in which it is spent that counts. Any number of taskforces and goodness knows what else will not be able to close that gap.

Whether it can be considered a triumph to achieve what the Chancellor calls sound public finances when taxation is nearing 39 per cent. of gross domestic product is in itself a question. What we do know is that his key policy mistake has been a massive transfer of resources into a largely unreformed public sector. His announcement of even larger spending increases on education and child care will, in my view, only make the situation worse. The long-term effect of the Budget will be a significantly higher tax burden, lower productivity and thus depressed growth, living standards and competitiveness, to our domestic and our international disadvantage. It is a huge disappointment that the Chancellor simply does not understand that while, of course, increased resources matter, so does a disciplined programme of expenditure matched with real reform and thus with better results. All the lessons of the past show that to be the case.

Let us take education. The decision to increase spending by £19 billion a year in real terms from taxpayer funds is extraordinary, given the record of recent years. The Government have already increased schools spending by 66 per cent. in real terms since 1999 with no discernable change whatever in the trend in examination results and the quality of the finished article leaving schools. Extra spending might be justifiable if it were preceded by a major programme of reform, but reform—that is to say, management autonomy and parental choice—has proceeded most slowly in education out of all the public services. The truth is that the source of the problem is the failure to deliver, even now, with all this money, a good education. That is what parents want to see and it is what the country wants to see. That needs to be tackled with real and energetic reform and not just large amounts of low-flying cash.

I was truly shocked that, as my hon. Friend the Member for West Chelmsford (Mr. Burns) pointed out, in the whole of the Chancellor's one hour and one minute speech, conducted at a decent gallop, he never even mentioned the national health service—almost the most important of all the Government programmes in terms of expenditure. I suppose that that is not really surprising given that he knows what he spends, but because the Government have totally failed to grip reform in the national health service, they have no idea what it really costs. The health service in my constituency and all over Sussex and elsewhere is struggling to cope with unfunded cost pressures, inherited debts and not enough time or support to help it through. With the greatest anxiety, I await the inevitable outcome of the cuts in services that must follow on from the situation of those health authorities. The excellent think-tank Reform estimates that, at the present rate of growth in the NHS, there will be a resource gap of £7 billion in 2010. That is an enormous sum of money and I would be grateful if the Paymaster General would tell me how she thinks that the Government intend to deal with that.

After the expenditure of all this money, hard-pressed taxpayers are entitled to ask, "Where are these world-beating public services?" The Chancellor has indeed taxed too much and borrowed too much. Old Labour has got its way under this Chancellor, which is, of course, why the Labour party cannot wait, by and large, to get rid of the Prime Minister and to put in his place a more user-friendly animal. Let us face it: under the Chancellor, the pips really are squeaking. He has saddled the taxpayer with the highest tax burden in history. Families are literally groaning under the impact of the amount of money that the state takes from them.

The Chancellor has imposed on commerce records levels of bureaucracy and red tape and he has blocked vital reforms in the public service. Even with some of the reforms that he has brought in, the valuable concept of a low-regulation, low-tax and competitive economy, which came to fruition in the later years of Baroness Thatcher and under John Major, is being rapidly eroded as business men and women sink every day into a bog of regulation and higher taxes. Had the Chancellor himself had the guts, will and determination truly to set about reforming the public sector by dealing with the vast array of old Spanish practices and the like that still remain, by increasing investment and by substantially extending choice in real terms, high-quality public services would today be available to everyone.

Where exactly is this modern and efficient transport system or even its beginnings? Where is the infrastructure expenditure that is glibly promised every year? I urge the Chancellor to consider carefully a message that came from a seminar that I held in my constituency last weekend ahead of the wholly unsustainable programme of house building that is wished on Mid-Sussex and the surrounding area by the

[Mr. Nicholas Soames]

Deputy Prime Minister: there should be a far more even distribution of infrastructure expenditure across the growth areas. Let me give the Paymaster General an example. The Government are spending enormous sums of infrastructure money around Ashford and in Milton Keynes. Mid-Sussex, and north-west Sussex generally, are going to have willed on them by the Deputy Prime Minister an enormous number of houses—not significantly fewer than Ashford—yet there is no commensurate Government spending on public infrastructure. The Government need to acknowledge the firm feeling that they should honour their obligations for infrastructure expenditure, rather than simply passing them incontinently across to the developers who rightly already make a major contribution.

I want to consider three areas on which the Chancellor and his people have done badly. I preface that by saying that I do not pretend that everything is bad. Many of the things that have been done are good. There are bits of our economy that are doing well, although, as I said, they should be doing well because of the Chancellor's remarkable inheritance.

I will quote from a speech made in the House by the Chancellor in 1989, when he was shadow Trade and Industry Secretary, on a pensions scandal when, again, the ombudsman blamed the Government of the day for bust pension schemes. The then shadow Trade and Industry Secretary railed against the

"fecklessness, gullibility and incompetence of the Government who, for months and years, ignored all the warnings"—[*Official Report*, 19 December 1989; Vol. 164, c. 204–05.]

Today, the Chancellor who said that presents himself as the future leader of our country, but, frankly, he and the then Work and Pensions Secretary, who is now the Transport Secretary—I am sorry that he is not in the Chamber—debauched the public pensions system in this country.

Keith Vaz: It is disgraceful to say that.

Mr. Soames: It is not disgraceful at all.

The right hon. Member for Birkenhead (Mr. Field), the only welfare reform Minister whom the Government have had who was worth his stuff, said:

"when Labour came to office we had one of the strongest pension provisions in Europe and now probably we have . . . the weakest".

I say again that the Chancellor of the Exchequer is responsible for debauching the public pensions of this country. My hon. Friends will agree with every word of a passage from an article on pensions in *The Times* by Lord Rees-Mogg, who said that the Chancellor

"took all the big decisions on pensions. He has wrecked the system of private pensions. He has wrecked the system of public pensions. He has destroyed the system of savings. He has tapped pensions by deliberate stealth.

He has impoverished generations of old people, past, present and to come. The Chancellor's pension policy has been one of the great scandals of British financial history. He should be ever held responsible."

Many Conservative Members will agree entirely.

There was a great failing, too, by the Paymaster General. I am sorry to disoblige her, but the shambles of the tax credit system for which she is responsible is one of the most disgraceful episodes in the Government's history. Many people in my constituency and, indeed, throughout the country, are still paying the cost of that grotesque incompetence. The Chancellor has utterly failed to get a grip on the unfunded costs of public sector pensions and has made a unique contribution to off-balance-sheet accounting of well over £800 billion.

Before I conclude, I applaud the Chancellor's determination to try to do more to prepare Britain to compete in the great global economy. Because of the war in Iraq, which I supported at the time, and which I still support, although I deeply resent the way in which the Americans handled the post-conflict arrangements and the trouble that flowed from that, the exercise of soft power has become even more important. America's soft power has diminished like the winter snows, and the country has lost almost all credibility abroad. America has 13 carrier groups that it can deploy throughout the world, but to bomb the living daylights out of 30 people is not the most sensible way of using military power. Soft power matters. Our country has a wonderful tradition of the use of soft power, and our assets include the BBC World Service, the British Council, British art and culture, the great traditions of democracy at Westminster, the monarchy and the law. All those things command great influence overseas, so they are vital assets.

I am glad that the chapter entitled "Meeting the productivity challenge" in the Budget report includes a well-written passage about the United Kingdom as a competitive centre for global investment. However, when she deliberates on public spending I urge the Paymaster General to consider the need to deploy our soft power on an even greater scale. If we are to maximise the great opportunities afforded by the global economy, we must put more money into the great services provided by the British Council, the World Service and the Foreign Office. It is tremendously short-sighted to diminish the unbelievable expertise of the Foreign Office. Across the world, our remarkable diplomats do a wonderful job, so hacking away at the Foreign Office's overall budget is extremely short-term, bad politics and not in our national interest. It is in our national interest to make sure that those great assets are properly funded so that services do not struggle on a shoestring. A grotesque amount of money is spent ineffectively and inefficiently, and it would be spent much more efficiently and effectively by organisations such as the Foreign Office.

When travelling abroad, Ministers are always begged to provide more training places at our military establishments, not just at the Royal Military Academy Sandhurst, Cranwell or Dartmouth, but at some of the engineering and signals establishments—wonderful sources of brilliant expertise and knowledge that are acknowledged all over the world as leaders in their field. We are wonderfully good at defence diplomacy. Lord Robertson, when he was Secretary of State for Defence—and a very good one, in my view—made much of that in his White Paper. With the cuts and the huge pressure on the Ministry of Defence and on manpower, it is important to remember that defence diplomacy is a huge plus for this country. It may not be a great big item in the context of the health service and the education service, but it is vital to our national interest.

I had hoped that the Chancellor would announce yesterday a set of reforms to the planning system and the overweening bureaucracy and regulation that would release the energy of our economy. I am deeply depressed by what I heard from my hon. Friend the Member for Tunbridge Wells (Greg Clark) yesterday about the lack of integrity in the presentation of the Gershon figures. I hope that the Paymaster General will this evening give a truthful and accurate exposition of the Gershon figures. She may not have heard my hon. Friend say that the National Audit Office has not thought fit to sign off the Government's figures because it does not regard them as accurate.

I hope the right hon. Lady understands that the overwhelming bureaucracy and red tape are the reason that companies such as Google, Oracle and Amazon locate in Dublin, rather than London. That is very bad news for us. Those are the very companies that we want to attract and which we used to attract. We face losing not just low-skill, low-paid jobs to big emerging economies, but much more seriously, high-skill, high-paid jobs. China and India are producing 4 million university graduates a year.

The Chancellor's response to the global challenges facing Britain is to saddle this country with the highest tax burden in our history and record levels of red tape. I am glad to hear on all sides that the Chancellor has woken up to the international and domestic triumph that is the City of London. I declare my interest, which is registered in the Register of Members' Interests.

The booklet entitled, "Financial services in London: Global opportunities and challenges" is a very good document that has been warmly received in the City. Having kept the City at a distance and not having helped it at all for years, finally the Chancellor embraces it as he knows he is about to become Prime Minister. That is a good thing, because the City of London has done more for the country than anyone could possibly imagine through its expertise and its overseas earnings.

There remains tremendously important work to be done to fix a crisis in competitiveness, productivity, training and education to prepare our economy and our people of all ages for the global challenges that we face. This was not a Budget that prepares Britain for a new global economy.

3.4 pm

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Tackling climate change and protecting the environment was one of the central themes of yesterday's Budget. When I saw that the Conservatives had put up the right hon. Member for West Dorset (Mr. Letwin) to open the debate, I thought that that would be a major theme of the Conservative contribution today. The right hon. Gentleman was evidently allocated to perform another role in the debate, but at least he did not perform it in the same foaming-at-the-mouth, carpet-chewing style of his leader yesterday, for which we must be grateful.

Although the right hon. Member for West Dorset did not take up the issue of climate change and the environment, I should like to record my welcome for the fact that the Chancellor chose to put it at the heart of the Budget, thereby reflecting the increasing concerns of our constituents. Some environmental organisations have, naturally, criticised the Budget for not delivering all that they would want, but that is in the nature of campaigning organisations. That said, some elements of the Budget have received a positive response from those organisations.

Mr. Graham Stuart: The hon. Gentleman's expertise is recognised across the House. This Budget focused more on green issues than did the previous nine, but does he accept that the history of those 10 Budgets has been the Chancellor's failure to convert into action Labour's intentions before the 1997 election to change from taxing "goods" to taxing "bads" and fundamentally change this country's approach to its environmental responsibilities. That is why emissions have risen, and yesterday's Budget will make little difference.

Mark Lazarowicz: No, I do not accept that. We are on course to meet our targets, as long as we continue to take the right policy decisions. We must, however, do more to ensure that tackling climate change is at the centre of Government policy. Growing public concern has been reflected in this year's Budget and in previous policies. I hope that the general positive response that the environmental proposals have received—from the hon. Gentleman, it would appear, in some respects—will hearten the Chancellor and encourage him to do more to ensure that climate change is at the top of our priorities. In that context, important decisions will be made over the next few months about the emissions trading scheme, about bringing aviation into the scheme and about the response to the Stern review.

Ed Balls: What does my hon. Friend think that the green NGOs make of the fact that the Conservatives remain opposed to the climate change levy? What signal does that send about their environmental credentials?

Mark Lazarowicz: NGOs will draw a clear conclusion about the Conservatives' environmental credentials. I was about to come to the climate change levy, so I am grateful to my hon. Friend for reminding us of the Conservatives' continual failure to move an inch on the levy. They have made so many U-turns and flip-flops that it might have been easy for them to change policy on the levy, yet they remain obdurate in their refusal to do so.

Mr. Graham Stuart: Does the hon. Gentleman believe that the climate change levy, by being a tax on energy and not on carbon, is wrongly based? The Conservative party and four other parties have offered to work with the Government to tackle the biggest environmental issue facing the world, but the Government have refused. What does he think about that?

Mark Lazarowicz: I am going to come to the question of working together in a moment. The fact is that the climate change levy has led to significant reductions in carbon emissions. By 2010, it will allow the overall energy demand in the economy to be reduced by more than 6 per cent. Unless the hon. Gentleman is living on another planet, which I am sure he is not, he will at least accept that a fair element of the energy that we use originates from carbon. That is why the levy has a heavy impact on carbon emissions.

[Mark Lazarowicz]

It is not only me or the Government who say that. When I sat on the Environment, Food and Rural Affairs Committee in the last Parliament, we had an investigation into the means to tackle climate change. The various groups that came before us to give evidence did not say that the climate change levy was the wrong instrument but that it should be increased. That is why it is particularly welcome that the Chancellor said that it will be indexed so that it will be seen to have an impact on reaching our targets on CO_2 emissions.

David Taylor (North-West Leicestershire) (Lab/Co-op): There is no doubt that the Conservatives' environmental policies are incoherent and all over the place. My hon. Friend and I were fellow-members of the EFRA Committee in the last Parliament. Does he recall the evidence from representatives of the energy-intensive industries such as the construction products industries in my constituency, and brick-making, who argued that the climate change agreements have delivered the reduction in emissions? At a time of high energy prices, they would welcome some respite, but recognise that penalties are needed if CCAs are not complied with. They have a point, do they not?

Mark Lazarowicz: The two elements go together. On their present trends, the climate change levy and the climate change agreements will have a roughly similar effect in terms of a reduction of carbon emissions. They both have their role to play. Clearly, any tax can be refined and improved, but the key point is that the levy has had a significant impact on reducing emissions in the UK. Independent—not Government—research has shown that it has had a significant impact on the behaviour of businesses. Adding that fairly small, but visible, element to their costs encourages them not only to reduce their energy costs but to look at other ways of operating and improving energy overall, which has a positive effect on our carbon emission reduction targets. We must also bear it in mind that taken together, the overall effect of the reductions in energy demand and in national insurance contributions has been a reduction in costs for business as a whole. That has to be seen in the round. Elements can always be adjusted and improved, but the general direction is one that we should support.

I am genuinely puzzled by the Conservatives' refusal at least to give some qualified backing to the climate change levy. They are entitled to say that they want to see change but this is not the right one and they would do something else in future. We get one or two hints of what that might be from vague references to a carbon tax, but merely saying that that might be the answer does not take us much further, because it could be applied in many ways. We have not seen anything representing a worked-out proposal from the Conservatives—perhaps we will hear about it later in the debate—so we have no idea of what alternative they would put in place.

No doubt their conversion to the green agenda is genuine, although there may be some exceptions. However, they cannot tell us time and again that we will have to wait until the machinery—no doubt wind-powered—of Conservative think-tanks grinds out some kind of policy recommendation before they come off the fence on the climate change levy. Surely the right position, if they were really concerned about the issue, would be for them to say, "We don't think it's the best policy and it's not our preferred policy, but it's making a difference and having an impact. We will support it now and in the Lobby at the end of these debates on Tuesday, and in due course we will come forward with an alternative." Surely the Conservative party should not undermine a policy that has had a significant effect on reducing carbon emissions. Everyone who has an interest in the subject and knows about it realises that.

The Paymaster General (Dawn Primarolo): Perhaps my hon. Friend can reflect in his eloquent speech on the importance of the climate change levy and the contribution that it makes to reducing our carbon emissions. He will recall that, when the Government introduced the levy, the Conservative party not only opposed it but had no alternative suggestions for dealing with climate change.

Mark Lazarowicz: Indeed. Perhaps we are not much further forward but doubtless we will hear about it if such alternatives are proposed.

Mr. Ellwood: The hon. Gentleman questions the sincerity of the Conservative party's green credentials. Can the Labour party fulfil its 2001 or 2005 manifesto commitment to reduce carbon emissions?

Mark Lazarowicz: I do not question the sincerity of the Conservative party. I am prepared to accept that, for whatever reason, a change of direction has occurred. Conversion is one thing but it must be followed by specific policies if one is to make a difference and persuade the country that it is not some form of tactical, short-term change.

Our policies are moving in the right direction and they have made a significant impact. The climate change review next week will outline the other steps that we are taking to try to ensure that we reach our international and national targets.

Mr. Graham Stuart: I believe that the hon. Gentleman is genuinely committed. Unlike with so many Labour Members, I do not find it necessary to denigrate the motives of my political opponent. However, he has not mentioned that, under the Government, CO_2 emissions have increased and are continuing to rise. That is a failure of Government policy. Emissions fell under the Conservatives and are increasing under Labour. This dirty Chancellor is letting down the environment.

Mark Lazarowicz: We accept that we need to do more to reach our targets. However, without the climate change levy, carbon emissions would be even higher. That stands to reason. The hon. Gentleman should accept that, if we are to hit our targets—we have all said that we will do that—the climate change levy has an important role to play. I am therefore disappointed and genuinely puzzled by the way in which the Conservative party will not move on the issue.

The Opposition's approach is unfortunate if we are trying to hold a serious debate on how to make progress on policy. I do not want to spend all my time on the climate change levy, but its beneficial impact on carbon

emissions is acknowledged. If we cannot get even qualified Conservative support for it, we encourage disillusionment and cynicism outside the House, and the idea that all we do in here is talk about tackling climate change without effecting specific policies. I therefore hope that the Conservative party may yet reconsider its position.

Mr. Kevan Jones: Does my hon. Friend agree that we can now see the difference between the public statements that the Leader of the Opposition has made on climate change and what is actual Conservative policy? Where is the substance? Is it not clear from the fact that the Conservatives are not conceding on this issue that the gimmicky things that their leader has been saying over the past few weeks have no substance?

Mark Lazarowicz: I shall be more charitable than my hon. Friend. All I am saying is that I am posing questions on this issue, and that it is reasonable to expect answers from a party that claims to wish to be elected to Government at some stage in the future, although one might have doubts as to how soon that will be.

Another reason why the Conservatives' refusal to move on the climate change levy is so unfortunate is that, in the past, the right hon. Member for West Dorset and other Conservative Members who have been involved in these debates have recognised that we need a broad political consensus if Governments are to have the political space to introduce the undoubtedly radical measures that are required to tackle climate change. If we cannot get practical evidence of support for a consensus on the climate change levy, we are entitled to ask how much chance there is of getting a consensus on the wider agenda.

The Budget proposed an increase in vehicle excise duty for gas guzzlers, and I believe that that proposal has the support of the Conservatives, although I might be wrong. Some of their Back Benchers seemed to suggest that the proposed rate of duty was not high enough. Whatever their position today, however, there is no doubt that, a few years ago, such a Budget proposal would have caused uproar and resulted in all sorts of media campaigns against it. Now, however, the political atmosphere has changed, and such policies attract a positive response from the vast majority of the public, apart from a few moans and grumbles. We have yet to discover the Liberal Democrats' position on this, and I was surprised to hear some of the comments made by the hon. Member for Orkney and Shetland (Mr. Carmichael) earlier. Nevertheless, I believe that this proposal is generally accepted as the right thing to do.

Mr. Jones: Like my hon. Friend, I welcome that change. Is he, too, looking forward to seeing those on the Conservative Front Bench getting rid of their gas-guzzling cars and following the great example set by their leader in choosing an ecologically friendly Government car?

Mark Lazarowicz: When I cycled into the House of Commons yesterday morning, I was interested to see a large number of Conservative Front Benchers also coming in by bike. I am sure that that was not a one-off gesture purely for the purposes of Budget day, and I am equally sure that we shall soon see hon. Members from across the House following their excellent example.

If we can achieve public consensus on an increase in vehicle excise duty on cars that consume more fuel, perhaps we can now start moving into a political space where we can take the even more difficult decisions that will be necessary to tackle climate change, particularly in terms of transport.

Paul Rowen (Rochdale) (LD): Does the hon. Gentleman accept that the Government's green taxes have not kept pace with inflation, and that they have actually fallen as a proportion of people's expenditure? If we are serious about introducing green taxes to encourage people to use more environmentally friendly cars or aeroplanes, they need to be uprated fairly regularly.

Mark Lazarowicz: The hon. Gentleman makes a reasonable point.

We will have to revisit the level of tax on fuel for motor vehicles. However, the Chancellor said yesterday that he would delay the decision on an increase in fuel duty until later this year by continuing the freeze until 1 September, and there are good reasons for doing so. The present high level of world oil prices will clearly have had a bearing on that decision, which is understandable. However, I would not be surprised if there was a concern somewhere in the Chancellor's mind about the possible political consequences were we to return to a regular uprating of vehicle fuel duty.

If we seriously look at the issue, we will all know that, in spite of recent increases, the cost of motoring in real terms has gone down over the longer term and that the increase in greenhouse gas emissions as a result of increases in road traffic has been an important contributor to the UK's overall greenhouse gas position. One of the most powerful factors influencing the extent of use of motor vehicles is the cost of motoring. We cannot get away from that. We all know that it is true.

If we are really serious, we have to do something about the problem. Yet again, we have not heard any serious suggestions from those on the Opposition Front Benches about what we might do to recognise that reality. We certainly did not get them from those on the Conservative Front Bench. When the hon. Member for Rochdale (Paul Rowen) was not in the Chamber, I quoted from the comments made by the Liberal Democrat leader in the Budget debate yesterday. He criticised the new vehicle excise duty on 4x4s as being a very limited measure. I made the point that the impression that we gained from the comment made by the leader of the Liberal Democrats and repeated elsewhere during the day was that he was against the measure because it did not go far enough. He was in favour—so it would appear—of a higher increase in vehicle excise duty. That is certainly in line with what the hon. Member for Rochdale has just said. He nods so he seems to agree that he would like to see higher vehicle excise duty on the top-range vehicles.

When I pressed this point with the hon. Member for Orkney and Shetland earlier in the debate, he seemed to say that he was not in favour of an increase in tax on the

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high fuel-consuming vehicles in certain circumstances. He seemed to say that he would be against such a measure in remote and rural areas. One suspects that there is a close correlation between remote and rural areas and Liberal Democrat constituencies. Once again, we see the Liberal Democrat tendency to talk green at one level, but to explain to their constituents that it will not really affect them. Someone else will be green, but not them.

Paul Rowen: I apologise for not being in the Chamber when my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael) made his remarks. I was in the Standing Committee considering the Road Safety Bill. My right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell), who owns a Jaguar, made it clear that there should be a higher tax on his car. However, we must draw a distinction between farmers who may need a Range Rover to do their job—they can be recognised, and they are already exempt through the red diesel provision—and those who use their car for leisure. Exemptions could be made in certain circumstances. That is the point that my right hon. and learned Friend was making.The general point is that there must be a proper discussion about the use of green taxes if we are going to get people—

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Gentleman has made his point.

Mark Lazarowicz: The point that I was making rather meekly was that the Liberal Democrat policy was to be in favour of being green in general, but not of being green in particular. I shall leave the House to decide whether the hon. Gentleman has refuted my assertion.

Ed Balls: Does my hon. Friend agree that, whether it is the top rate of tax or the top rate of vehicle excise duty, the Liberal Democrat position is still very hard to fathom?

Mark Lazarowicz: I cannot but agree. The position of the Liberal Democrats has been of some interest to the House, and I notice that, at the end of yesterday's debate, the hon. Member for Eastleigh (Chris Huhne), who also speaks for the Liberal Democrats on these issues, seemed to endorse the proposal from the Energy Saving Trust for the increase in VED at the top end of the range to go up to £2,000 rather than £200. That appears to be the direction of their policy, but no doubt it would not apply to Liberal Democrat voters living in Liberal Democrat constituencies.

Mr. Kevan Jones: Does my hon. Friend agree that for the leader of the Liberal Democrats, who, as we have heard from the hon. Member for Rochdale (Paul Rowen), drives a large Jaguar—clearly, he does not transport sheep around in it—the challenge would be to give up that vehicle as a good example for the green lobby in this country?

Mark Lazarowicz: The leader of the Liberal Democrats happens to be a constituent of mine, and I must admit that I have not seen him drive his Jaguar around the constituency with sheep or anything else in it. I shall leave it to him to make his choice.

In directing my comments at the Conservative, Liberal Democrat and, for that matter, Scottish National party and Unionist Members, my purpose is to say that if we are to get a genuinely comprehensive approach to controlling emissions from motor vehicles, we must address the cost of motoring. Unless that cost gradually increases, we will see increasing use of motor vehicles, with the consequential effect on CO_2 emissions. If hon. Members accept that, as I am sure that they would, it is fair for me to ask them to give a guarantee to the House. Were the Chancellor, later this year, to go ahead with the increase in fuel duty, would they back him in that decision and not jump on a bandwagon with all sorts of unsavoury individuals to say why they cannot support an increase in that particular case?

Mr. Graham Stuart: The hon. Gentleman demeans his green reputation by playing party politics to cover up the Government's failure. There are serious points to be made in this debate, and he is more than capable of making them. Is he aware that this year, for the first time in a number of years, the CO_2 emissions impact of the United Kingdom's newly bought vehicle fleet is worse than that of the previous year's fleet? That is an unfortunate turn for the worse under this Government.

Mark Lazarowicz: I was not trying to go too far down the road of making party political points, but the nature of the Chamber tends to encourage one to do that. My fundamental point is that if we are to get a real political consensus on tackling climate change—a genuine one, not a notional one—that requires parties across the Chamber to recognise the steps being taken. When, later in the year, we inevitably debate the level of fuel duty, I hope that the same commitment to tackle climate change will be shown by Opposition Members, rather than, as often happens, they deciding to jump on whatever bandwagon seems most popular with voters in the short term.

Stewart Hosie: Will the hon. Gentleman give way?

Mark Lazarowicz: As I mentioned the SNP, I shall give way to the hon. Gentleman.

Stewart Hosie: The hon. Gentleman is generous. I also enjoyed the badinage between him and the Liberals. On a serious point, however, does he recognise the difference between a working 4x4 vehicle used by a hill farmer to take feed to a field of lambs in the late spring when there is snow on the ground, and a brand new Porsche Cayenne sitting outside a large house in Kensington?

Mark Lazarowicz: I recognise the difference. In those circumstances, however, I suspect that the costs could be reflected in other ways in the income and expenditure of the particular business, but that would take us in another direction.

My point is that it is easy for people to say that they are in favour of increases in VED on gas-guzzling cars and then to find all sorts of reasons why it does not apply to them or their constituency. We have seen some

evidence from the Liberal Democrats today that they are moving towards that approach. I had not expected to speak at such length, and I will try to conclude my remarks soon.

Just as motor vehicles raise the issue of fuel duty, the increase in air travel raises the issue of the continual and worrying rise in greenhouse gas emissions and of what measures to implement in response. I would have liked an increase in air passenger duty in the Budget, or some alternative form of taxation, in recognition of the problem caused by the growth in air travel. If we are to have a serious debate, the Opposition parties should make clear whether they are or are not in favour of an increase in air passenger duty at least in line with inflation. The hon. Member for Eastleigh seemed to imply that he was in favour of such an increase, but it was not clear that that was Liberal Democrat policy.

Mr. Andrew Turner (Isle of Wight) (Con): While many of us may want an increase, or indeed the imposition of tax on aviation fuel, that view would be expressed more credibly by Labour Members if the Government were not expanding the supply of airport space. When the availability of airport space is restricted, the price of using that space goes up and the increase must be passed on to the consumer, but when the space expands, the price of air travel continues to fall.

Mark Lazarowicz: I have made clear my own reservations about the airport policy in so far as it affects my area and others, but I think that it would be wrong to think that the issue could be dealt with through airport policy alone. We must think about the pricing of air travel as well. It is a complex issue, and we are right to try and tackle it at a European and international level, but I think we could consider it here in the United Kingdom as well. I think that it would have been better if the Budget had provided for an index-linked rise in air passenger duty rather than a freeze.

Paul Rowen: Is the hon. Gentleman not aware that my hon. Friend the Member for Eastleigh (Chris Huhne), our environment spokesman, has made our policy very clear? It was discussed at our conference in Harrogate a few weeks ago. We are in favour of exactly what the hon. Gentleman has proposed.

Mark Lazarowicz: I am glad that we appear to be clear about the fact that that is the Liberal Democrats' policy, although I must say again—without wanting to become involved in the badinage in which some Members wish to engage—that it is a pity that the Liberal Democrat policy in theory is not the same policy that is applied in practice. In Scotland, where the Liberal Democrats are in government, the Liberal Democrat transport Minister is subsidising air travel to many parts of the world. Indeed, he recently introduced an air travel subsidy for, as it happens, the constituency of Orkney and Shetland. First-class as well as economy tickets are being subsidised. As I have said, it is all very well to have a policy in theory, but in the case of the Liberal Democrats we sometimes do not see the same policy in practice.

We should think about what will happen if we are to be able to secure enough broad consensus and political space to allow Governments to take steps such as increasing air passenger duty. We all know what might well happen if there were a major increase: there would be all sorts of tabloid campaigns about its affecting people's ability to go on holiday, and so forth. That is why it is fair for me to ask the Opposition parties to be clear about their policy. We seem to have received a response from the Liberal Democrats, but it would be interesting to know whether the Conservatives are in favour of at least the index-linking of air passenger duty. The fact that none of them are choosing to intervene may speak for itself.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I entirely agree with my hon. Friend. I do not believe that working families would want their opportunities to travel abroad for holidays to be affected in any way. Does my hon. Friend agree, though, that there is a fundamental difference between a rather inexpensive holiday abroad and flights being offered at 99p? That is sheer abuse, and we must try to control it as best we can.

Mark Lazarowicz: Indeed we must.

Let me summarise the main points that I have tried to make in a speech that became longer than it was intended to be. I think that the Budget set out—as we apparently say nowadays—a clear direction of travel in terms of the priority given to tackling climate change and environmental policy, and I welcome that. I believe that we need to go further with fuel duty not only on cars and other such vehicles, but on aviation. I challenge the Opposition parties to make it clear that they are prepared to go in that direction and to provide the political space for the Government to implement such measures.

I say again to the Conservatives that being prepared at least to reconsider their position on the climate change levy would be much greater evidence of their commitment to tackling climate change.

This is a good Budget and I welcome its commitment to tackling climate change. I particularly welcome the extra funding given to microgeneration, a subject with which my private Member's Bill deals. Indeed, I should have declared earlier an interest in that regard, which is listed in the Register of Members' Interests. That Bill is an example of how we can make progress on such issues through broad, cross-party support. The public are genuinely interested in taking steps in their own homes and communities to respond to the challenge presented by climate change. I welcome the Government's decision to put climate change and environmental issues at the heart of the Budget, and in doing so they are responding to growing public concern about such issues.

3.41 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): I wish that I could welcome the Budget in the same way as the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz), but sadly, I cannot. Looking back at the 10 Budgets presented by this Chancellor of the Exchequer, the step on which to congratulate him is his granting independence to the Bank of England. Indeed, it is a pleasure to have here today the hon. Member for Normanton (Ed Balls), who is viewed by many as the true architect of that policy. As with quite a few other polices, it showed that after 18 years of Labour refusing

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to accept the reforms introduced, quite properly, by the previous Conservative Government, young new Labour figures such as the hon. Gentleman had at last grasped the importance of stability and a proper, market-based economy, and that they had accepted the settlement left behind by that Government.

If this House is to contribute properly, be it on the environment or the economy, we should all try to deal with the facts as they are, instead of trying to spin every single fact purely for our own party political purposes. Unfortunately, such spinning is a Labour tendency, and I suppose that after three consecutive election victories, Labour Members may feel a bit like the Leeds United of the 1970s, who, by kicking their way to the first division title, came to think that that was a fine way to play the beautiful game. Well, in this political game, twisting the truth is not the right way to go.

The acceptance that I and other Conservatives seek is acceptance that our economy's stability and growth started many years before the current Chancellor took office, and that the previous, Conservative Government turned this country from a basket-case in 1979—bankrupted by the socialism that is still expressed by interesting specimens on the Labour Back Benches—into the most powerful economy in Europe in 1997. If Labour Members would accept that, we could move on to a more constructive debate on the way forward.

In considering what happened since Labour inherited the strongest economy in Europe, we should take note of the booklet produced as part of the Budget papers, entitled "Productivity in the UK 6: Progress and new evidence". It says that

"productivity is the key long-run determinant of economic growth and . . . is even more important in an increasingly global world."

The hon. Member for Normanton nods; he may even have been the author of those words. It continues:

"In the long-run, economic theory"—

we are definitely in the hon. Gentleman's territory there—

"suggests that only increases in labour productivity growth can produce ongoing increases in living standards . . . productivity is the main determinant of improvements in national prosperity . . . because gains from labour utilisation are limited."

That is the Government's policy on productivity, so let us look at the record.

From listening to Labour Members, one would think that the Government had taken triumphant steps forward on productivity, which is, they say, the key determinant of the future prosperity of this nation, but they have not. In Labour's first term, productivity growth was 2.1 per cent. In Labour's second term, it dropped to 1.3 per cent., and in Labour's third term so far there has been a 0.4 per cent. increase in productivity. The key determinant of the future strength and prosperity of this nation has been systematically undermined term by term by this Government. In comparison, the last five years of the Conservative Government, from 1992 to 1997, saw productivity growth of 2.6 per cent.

Stephen Hesford (Wirral, West) (Lab): The hon. Gentleman's memory is selective. What were the figures for productivity between 1980 and 1982, when there was a recession, and between 1988 and 1992, when there was a further recession? Those were the circumstances with which my hon. Friend the Member for Normanton (Ed Balls) and others had to grapple to ensure that we did not return to those days.

Mr. Stuart: As the hon. Gentleman knows, as this country went from a socialist basket case in 1979 to the most powerful economy in Europe in 1997, there were difficult decisions to be made. The British people were involved in times of great sacrifice, including depressions and high interest rates. The overall balance was, of course, the transformation—Labour Members know this full well—of this country's economic base between 1979 and 1997.

This Government inherited the strongest economy in Europe—*[Interruption.]* Well, I do not know whether Labour Members have any interest in manufacturing but it has, historically at least, been important to this country. In the last four years of the Conservative Government, manufacturing employment increased by some 200,000. Since Labour came to power, manufacturing employment has fallen by 1.1 million.

Ed Balls: Will the hon. Gentleman give way?

Mr. Stuart: I am delighted to give way to the hon. Gentleman, who will be able to explain why this Labour Government have destroyed manufacturing jobs, whereas under the previous Conservative Government such jobs were increasing.

Ed Balls: There are so many different points that one could make that it is difficult to know where to start, but this is only an intervention. Between 1980 and 1982, manufacturing employment fell, not by 1.1 million but by 3 million, as a result of the deepest recession since the second world war. That was then followed between 1990 and 1992 by the longest recession since the second world war. We can trade statistics, but does the hon. Gentleman agree that, in retrospect, it was a mistake for the Conservative party to vote against Bank of England independence in 1997?

Mr. Stuart: I entirely and happily agree that the independence of the Bank of England was a good thing. However, the hon. Gentleman has failed to recognise the transformation that I have described. He is more knowledgeable on matters economic than most of us, but he is still too grudging to acknowledge that. I have noticed that almost every one of his contributions in the House seems to be a partisan attack on an Opposition party.

The House would benefit from the hon. Gentleman's intellect and—as I know privately—charm, if he used them constructively to deal with the world as it is and not as a partisan punch ball. Any fair-minded or neutral person would recognise my description of the background when the Government came to power.

In my constituency, the number of people employed in manufacturing in the last three years of the last Conservative Government increased by 3,000; since the Labour Government came to power, those jobs have reduced by 1,600. That is a lot of families whose jobs have been destroyed. By undermining manufacturing, the Government have helped to undermine the future prosperity of the country.

Earlier I mentioned some figures that showed the contrast between 1997 and the present, but they are worth repeating. In 1997, when the Chancellor came to power, inflation was lower than it is at present—contrary to the impression one might receive when listening to Labour Members. The rate of inflation in 1997 was 1.8 per cent., compared with 2.1 per cent. in 2005. Real GDP growth in 1997 was 3.2 per cent., compared with 1.8 per cent. at present.

Stephen Hesford *rose—*

Mr. Stuart: I hope that the hon. Gentleman is about to acknowledge the strength of the economy in 1997 and the turnaround that had taken place. It would be a step forward if some honesty started to appear in the speeches of Labour Members.

Stephen Hesford: The hon. Gentleman is generous in giving way. It is not so much 1997 that I want to talk about, but the accuracy of the figures that he is coming out with. Is he comparing like with like? The two inflation figures that he has given were calculated on a different basis.

Mr. Stuart: I am taking the figures from Government statistics, so I could not possibly say whether they had been manipulated—whether appropriately or not. Perhaps the hon. Gentleman has a better idea about that, especially as so many of the statistics produced by his right hon. Friend the Chancellor have so often proved elastic—shall we say?—in their derivation.

Mr. Russell Brown: During the Budget debates in 1997, the right hon. Member for Wokingham (Mr. Redwood) came very close indeed to admitting that when the Conservatives left power the economy was on the verge of overheating.

Mr. Stuart: It is extraordinary to have a speech from nine years ago in which someone almost said something mentioned as strong evidence against the case being put. That perfectly encapsulates the weakness of the arguments of Labour Members. If that is the strongest question they can put, they have no case at all.

Mr. Brown *rose—*

Ed Balls *rose—*

Mr. Stuart: I have been generous and I will give way to the hon. Gentleman in due course, but I want to make some progress, and it is certainly clear from the intervention of the hon. Member for Dumfries and Galloway (Mr. Brown) that no progress will quickly be made by giving way to Labour Members, who will not accept the most basic facts about the economy.

Ed Balls *rose—*

Mr. Stuart: Well, I will give way to the persistent hon. Gentleman.

Ed Balls: May I clarify the situation? My hon. Friend the Member for Dumfries and Galloway (Mr. Brown) is right: in 1997, while inflation was low, the problem with the economy was that it was growing too strongly. When the Labour Government came to power, Treasury forecasts predicted inflation moving above 4 per cent. over the next year. The hon. Member for Beverley and Holderness (Mr. Stuart) may remember that in the six months before the change of Government, the then Chancellor of the Exchequer had constantly ignored advice from the Governor of the Bank of England that interest rates needed to rise. The change of Government and Bank of England independence actually restored stability to an overheating and dangerously inflationary economy.

Mr. Stuart: The hon. Gentleman makes a unique argument in the House against the last Conservative Government—that growth was too great. Growth was great in 1997, and growth, particularly in productivity, has fallen off since. He will have written many essays on the importance of productivity as the key determinant of the future prosperity of this nation, but he has failed to come back at all on the Government's productivity record. I would particularly enjoy an intervention on that subject.

Ed Balls: I am extremely happy to come back on that specific point. The figures set out clearly in the Red Book and in the document to which the hon. Gentleman refers show that, over this economic cycle, the productivity growth rate has been higher than in the previous economic cycle, when the Conservative Government were in power. Those are not just the Government's figures; the National Audit Office has audited the trend rate of growth. Under this Government, the trend rate of growth in the economy, based on rising employment and productivity growth, has gone up. So I am afraid that the facts are the opposite of what the hon. Gentleman implies.

Mr. Stuart: I am afraid that no light was thrown by that intervention on the fact that productivity has not been growing under this Government. Interestingly, that brings me to my next point, which relates to the figures produced by the Chancellor. I welcome something else in yesterday's Budget: the fact that the gathering of national statistics will be put on a truly independent basis. Opposition Members have been saying for many years since the Chancellor came to power that, unfortunately, the public no longer trusted the figures that he provided.

Yesterday's debate on the Budget threw up, in a powerful speech by my hon. Friend the Member for Tunbridge Wells (Greg Clark)—the main points of which are well worth repeating, given that the Chancellor's key aide is here—the fact that John Oughton, the head of the Office of Government Commerce, which is the main watchdog to ensure that procurement is carried out properly in government, was asked at a sitting of the Public Accounts Committee:

> "As I understand it, the process of collating this information involved the Treasury ringing round departments asking what savings they could offer up in time to be mentioned in the Budget with no checks at all."

That was in the context of coming up with the £2 billion in Gershon savings that the Chancellor mentioned last

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year. When that question was put to the head of the OGC, he replied:

"That is an accurate statement of the gains as they were reported in the spring of 2005."

That is a damning condemnation of the way that the Chancellor of the Exchequer is prepared to manipulate figures to come up with whatever is required to provide him with a political platform. This year Sir John Bourn, the Comptroller and Auditor General and head of the National Audit Office, offered to check the figures, and my hon. Friend told us yesterday:

"Once again, the numbers that the Chancellor presented as definitive Gershon savings have not been signed off by the National Audit Office."—[*Official Report*, 22 March 2006; Vol. 444, c. 371.]

In that context I, along with other Opposition Members, welcome the prospect of a proper, independent national statistics service in future.

Yesterday's Budget speech was over an hour long, but the Chancellor did not mention the NHS even once. Could that be because when there is a problem the Chancellor distances himself as fast as he can? Is there is problem in the NHS today? Absolutely. The Chancellor of the Exchequer, who has been the road block to reform—the man who said before they came to power that a Labour Government would be wise spenders, not big spenders—has splurged spending on the NHS without proper reform. That is why people ask, "How has all this money been spent with so little to show for it?" The number of NHS administrators has increased by 66 per cent., whereas the number of doctors and nurses has increased at a fraction of that percentage. The Prime Minister's own policy unit said in 2004 that health service productivity had fallen by 20 per cent. since the Labour Government came to power.

At the heart of what is wrong with the Government is the fact that all we ever hear from them, in the context of the Budget or anything else, is a reiteration of their spending levels. No one is in doubt about the level of spending; what is in doubt is whether that spending has been wise. It has been big, but it has not been wise.

I looked at the chapter on improving productivity in the Red Book. One acronym did not appear at all in that chapter, or in the Chancellor's speech: NHS. The Red Book had nothing to say about improving productivity in the NHS. However, there is a chapter called "Understanding Productivity"—a useful section for the Chancellor of the Exchequer, after so many years of failing to promote it in the private or the public sector—in "Productivity in the UK 6". We find that, despite its being said that productivity is the main determinate, the truth is that while spending has doubled, productivity on the standard measures in the NHS has fallen. Page 22 of "Productivity in the UK 6"—this is where we have to look to find the truth of what has gone on in our NHS—states:

"Estimates using National Accounts measures show an average fall of between 0.6 per cent. and 1.3 per cent. a year over the period 1995–2004."

Spending on the NHS has doubled. The number of bureaucrats and administrators has been increased by 66 per cent., yet productivity in the NHS—the supposed show piece of this Labour Government—has fallen. That is why, across the country, thousands of health workers have already received notice that they will lose their jobs and thousands more are waiting to be told that. A financial deficit afflicts the national health service because of Labour's mismanagement and failure of understanding. I hope that the Minister who responds later will deal head on with the issue of productivity in the NHS and what can be done to turn round the lamentable record so far, so that the record sums that have gone into the NHS can show through in an improvement in treatment.

I already feel as though I have tried your patience, Mr. Deputy Speaker, but I would like to finish on the subject of the environment. The Chancellor's raids on pensions and the undermining of the security of hard-working people in old age has been disgraceful, and the failure to produce honest statistics has been equally shabby, but the Chancellor has been a complete and utter disgrace on the environment. There has been a failure to deliver on the promises that were made before the Government came to power and, at every step—every Budget—it has been the Chancellor who has failed to deliver the mechanisms by which the country could change from a policy of growing emissions to one of cutting them.

The global leadership that the leader of the Labour party is so keen to spout worldwide is not matched by any kind of improvement at home. The masking effort carried out by Labour Members in using the climate change levy as the sole test of any politician's environmental credentials is false. We have the climate change levy and we have a Labour Government—and under that Government emissions have risen. To be posing as in any way environmentally friendly while emissions have risen is nothing short of disgraceful.

Be it on pensions, productivity, or honesty and statistics, the Government have failed. On the environment, and on the long-term future of the country and of the world, perhaps they will be seen by many to have failed most of all.

4.4 pm

Mr. Nigel Dodds (Belfast, North) (DUP): We are having a wide-ranging debate. Several hon. Members mentioned pensions and I know that others wish to speak, so I shall briefly focus on matters relating to pensions and, especially, the plight of our poor pensioners, before talking about business competitiveness in Northern Ireland and the opportunities that the Chancellor missed in his Budget to help in that regard.

I acknowledge the improvements over recent years that have been made on pensioner poverty. I also acknowledge that the Chancellor announced yesterday the national bus scheme that will give pensioners free bus travel. There will also be increased funding for the insulation programme and the retention of the winter fuel allowance. However, the Chancellor failed to address several aspects of pensioner poverty. As several hon. Members have said, there is deep concern and anger among many people about the failure to continue the council tax rebate, which was applied as a rate rebate in Northern Ireland. Many people think that as the rebate was announced in the run-up to last year's election, the Government have cynically refused to continue it this year because they know that the next election will be some time away.

If there was any logic behind the Government's position on the rebate, they would have carried forward something in the Budget for pensioners today. Pensioners will face enormous increases in their council tax bills. Those in Northern Ireland face an enormous increase in their rates bills because the Secretary of State for Northern Ireland has increased the regional rate for this year by 19 per cent., which is massively over the rate of inflation. The situation is causing great concern in my constituency, which has a high proportion of elderly people. How will they meet that sort of increase when they also face the imposition of water charging for the first time, as well as swingeing increases in electricity and gas prices? When the Paymaster General winds up the debate, will she tell us why the rebate has simply been left out of this year's Budget? What possible explanation can there be for giving welcome assistance and help last year, but none whatsoever this year? Pensioners up and down the land deserve an answer to those questions.

I welcome the fact that the winter fuel allowance will be retained, but there is a question mark over why there has been no increase to the allowance whatsoever, even to take account of inflation, since its introduction in 2000. The sum of £200 would have bought a household considerably more fuel back in 2000 than it would today, especially given the recent price increases. In view of the Government's commitment to combating fuel poverty, I would have thought that the Chancellor could increase the winter fuel allowance from its level of £200, at which it has been stuck for six years. I have no doubt that Ministers could point to the fact that the situation is a major improvement on that which went before. I accept that and pay tribute to the Government for what they have done. However, after such a length of time, surely there is an unanswerable case for increasing the winter fuel allowance to bring it in line with its original value in 2000.

A lot has been said about the Chancellor's raid on the pension funds when he first came to office. Several hon. Members have talked about crises, and many tens of thousands of people in this country are affected by the crisis caused by the closure of company pension schemes that have shortfalls. I accept that the Government have brought forward the Pension Protection Fund and the financial assistance scheme, but the fact of the matter is that although some 85,000 people and their dependants have been put in a real crisis through no fault of their own, the Government have rejected completely and utterly the findings of the parliamentary ombudsman following the investigation of the matter.

The Government have failed to provide those people with any hope of a decent standard of living in their later years, even though they paid into pension schemes in good faith—and were advised to do so by Government leaflets. The ombudsman found that the Government were at fault, but they have simply rejected that finding, not only undermining the office of the ombudsman, but leading people to question whether they should invest in pensions at all. If that is the Government's reaction to the findings of an independent ombudsman, can people have faith that if they follow today's advice about investing in pensions for the future they will not be out of pocket and facing a dire future in old age?

The Government have a responsibility and they must do more. Some of my constituents who worked for Richardson's IFI plant in north Belfast—Joe Blair was one of the test cases at which the ombudsman looked—are in dire straits. They believe that they were robbed, not just by the initial collapse of their pension scheme, but latterly by the Government's failure both to accept the ombudsman's report and to rescue them from poverty, heartache and hardship. The Government say that it would cost £15 billion to £17 billion to do so and that they cannot find that money. The fact is that money could be found to compensate those pensioners, not least from unclaimed assets. The Chancellor has said that he will use some of those assets for youth provision—a fine and laudable objective—so why can he not use them to fulfil his responsibilities to those pensioners? It is a very serious issue and I urge the Government to treat it as such. There is an urgent need to rescue the lives—I put it as strongly as that—of people who are in very bad way indeed as a result of what has happened to them through no fault of their own.

On the more general issue, we await the outcome of the consultation on the Turner report, but we need help for today's pensioners as well as tomorrow's pensioners. There is a growing reliance on means-testing to help our poorest pensioners. Initially, means-testing was necessary to target resources on the poorest pensioners, but in 2006 that is counter-productive. Forcing more and more people to apply for means-tested benefits and pension credit is a disincentive to save. It is demeaning for many people, who find the application process difficult. The figures clearly show that a great deal of money to which people are entitled has not been claimed. The outcome of the consultation on Turner should be that we move away from means-tested benefits and implement a properly funded, decent state pension that is indexed to earnings. That is the way forward.

Turning briefly to business competitiveness in Northern Ireland, in the next few weeks there will be a renewed effort on the wider political front to achieve political progress there. I hope that it is possible to achieve progress and restore devolution on the basis of adherence to democratic values, but even if devolution is restored and local people can make decisions through their local representatives, the reality is that many decisions by the Treasury, and by the Chancellor in particular, will be more important than all the decisions by local Ministers in Northern Ireland combined. In particular, that applies to Government fiscal policy and rates of corporation tax, which affect business competitiveness. In infrastructure and skills, Northern Ireland is every bit as competitive as our neighbours, but we lose our competitive edge in the cost of doing business.

Some of the difficulties faced by businesses in Northern Ireland are the same as those experienced throughout the country. The challenge to business from eastern Europe and south-east Asia is felt right across the United Kingdom, but there are problems that are unique to Northern Ireland. Central to that is the fact that we share a land frontier with the Irish Republic. A 30 per cent. corporation tax rate in Northern Ireland puts business at a major competitive disadvantage with our counterparts in the Irish Republic, where corporation tax sits at 12.5 per cent. No matter what incentives are offered and no matter how skilled our work force is, it is difficult for the Province to compete

[Mr. Nigel Dodds]

when there is a corporation tax of 30 per cent. in Newry, for instance, whereas three miles across the border it is 12.5 per cent.

It is the Government's stated wish to see the private sector grow in Northern Ireland, but we have higher energy and transport costs than the rest of the United Kingdom and higher corporation tax rates than the Republic of Ireland. We must be allowed to compete on a level playing field. If we are to be a competitive and effective economy, and if the Government want less reliance on the public sector, which we want as well, the appropriate fiscal arrangements must be put in place. I regret that an opportunity has been missed in the Budget for the Government to address some of those issues. The levy on fuel duty at the present rate in Northern Ireland, compared with the Irish Republic, encourages fuel smuggling and fuel laundering. The Government need to deal with that.

Local politicians in Northern Ireland want devolution to be restored. We want local Ministers to have responsibility. Free transport for our pensioners, for example, was a policy introduced by Democratic Unionist Ministers in the former Northern Ireland Assembly, so we welcome the fact that the rest of the country is catching up with us. However, there is only a certain amount that a devolved Administration can do. Tax rates will continue to be set here in the House and by the Government here at Westminster. On behalf of the business community and our economy in Northern Ireland, I appeal to the Government to consider the particular circumstances—the disadvantages that we suffer as a result of sharing a land border, and the difficulties that we suffer as a result of the differences in corporation tax rates between the Irish Republic and Northern Ireland. I urge the Minister to address those issues when winding up the debate.

4.18 pm

Stephen Hesford (Wirral, West) (Lab): I am sure that the House looks forward to the devolved Assembly being reconstituted. We, like the hon. Member for Belfast, North (Mr. Dodds), wish the Northern Ireland economy continued success.

This is the second Budget debate in which I have spoken since I entered the House. The first was our first Budget in 1997. It is good to be back and to review what we have done in the interim. It has been said that, where there has been success in the economy, it is because of the legacy that we inherited. I wonder how long that can be said with any credibility. If there are alleged defects in the economy, that is said to be entirely our fault. I am not sure how Opposition Members can credibly have it both ways, but those who have addressed the Budget seem to be arguing that. I look forward to the winding-up speech from the hon. Member for Wycombe (Mr. Goodman) to see how he can square that circle. Which is it: the inheritance and the economy are good, or the economy is not so good and it is our fault? Which would the Conservatives have the public believe? I know what I have observed between 1997 and today.

Listening to the Leader of the Opposition's speech, it occurred to me that he is a digitally remastered version of the right hon. Member for Richmond, Yorks (Mr. Hague), who between 1997 and 2001 had nothing to say on policy but cracked a few good jokes. Once the public realise that the only difference between the two right hon. Gentlemen is that the Leader of the Opposition has hair, I look forward to them reacting the same at the next election as they did in 2001, and—

Mr. Deputy Speaker (Sir Michael Lord): Order. Perhaps it would be a good idea if the hon. Gentleman started to address the Budget.

Stephen Hesford *rose—*

Mr. Paul Goodman: The hon. Gentleman appears to be under the misapprehension that the success of the economy depends on Labour or Conservative Governments. Will he acknowledge that the success of the economy depends on the strength of British business? The question is whether this Government are making things better or worse, and I shall address it when I wind up the debate.

Stephen Hesford: I look forward to that. The hon. Gentleman will want to deal with the record growth and stability under this Government, with 54 periods of continuous growth—an achievement that no previous Government have managed.

I wish to deal with the success that my constituents have enjoyed over the past nine years and the background to the Budget. Our economy has faced oil price shocks. We have had the highest sustained oil prices for a quarter of a century, which have doubled since 2004 and trebled since 2002. Growth among the eurozone economies has been slow, yet the UK had the largest export market in 2004 and 2005. Those are not merely figures, they are the underlying reasons why employment in my constituency is at record levels.

In previous decades, faced with such challenges, our economy would have tipped into recession. Indeed, I intervened on the hon. Member for Beverley and Holderness (Mr. Stuart) to remind him of the two largest shocks that the UK economy had suffered since the war under the previous Conservative regime. Inflation rose to 25 per cent. and unemployment passed 2 million. That is what used to happen, but it has not happened this time. That is a key backdrop to the Budget that my right hon. Friend delivered yesterday.

Labour's economic reforms have helped the UK economy continue to experience successive periods of growth. In 2005, the UK's economic growth was higher than that of any other major European economy. These things do not happen by chance, and I certainly do not accept the argument that it is down to inheritance. We have low inflation and stable interest rates, which are key to hard-working families in my constituency. In the previous years of boom and bust under the previous regime, any parts of the economy that did well tended to be in the south-east, while the north-west, where my constituency is, suffered at the hands of the mismanagement that occurred. Under this Government, we have low inflation, stable interest rates and stable growth. The north-west has benefited from that, as have all parts of the country in their respective ways.

Mr. Graham Stuart: Would the hon. Gentleman care to read something other than the brief that he has been

given by the Labour Whips? If he bothered to read, "Devolving decision making: 3—Meeting the regional economic challenge", he would find that this Government have failed to narrow the so-called north-south divide. In fact, they have compounded the problem, contrary to the contention that he advanced, having strayed momentarily off-piste from his brief.

Stephen Hesford: The hon. Gentleman's constituency is across the Pennines from mine. If he knew the region that I come from, Merseyside, he would know that it is going forward. Liverpool is to become European capital of culture in 2008 and the open golf championship is to come to Royal Liverpool golf club in my constituency in 2006 for the first time in 40 years. That was made possible by a package put forward by the Labour-led council, backed up by the economy that I am describing. In previous years, the open golf championship disappeared from my area because of the lack of investment and no infrastructure being put in. All hon. Members, from whichever party, are welcome to come to Hoylake for an enjoyable week when it takes place. There is no need for them to write to tell me that they are coming. *[Interruption.]* I cannot put everybody up, unless they want to sleep on the floor.

The International Monetary Fund recently reported:

"Macroeconomic stability remains remarkable ... supported by sound policies implemented by strong institutions and underpinned by monetary, fiscal, financial, and structural policy frameworks that have increasingly instilled confidence in the authorities' conduct of macroeconomic policies."

Hon. Members may laugh, but those are the true circumstances, not the fictions that we have heard so far.

When the leader of the Conservative party made his opening speech yesterday, why did not he deal with the Budget speech, but deliver a prepared, pre-arranged rhetorical eight minutes—the shortest response to a Budget speech in living memory? He did that because he truly represents his party, which has nothing credible to say about the Budget.

The global economy is undergoing a major transformation. As my right hon. Friend the Chancellor said yesterday, the Budget takes the UK economy forward in an increasingly difficult global economic environment. Far-reaching and fundamental changes have been driven by technological advances, greater international trade, investment and rapid growth in emerging markets such as China and India. I look forward to the winding-up speech of the hon. Member for Wycombe and the Conservatives' response to the challenges of those two rapidly expanding countries. He does not appear to recognise what I am saying—

Mr. Soames: What is the hon. Gentleman saying?

Stephen Hesford: I am saying that this country's economy will survive the challenges of the new economies in the east whereas, under a different regime, we would have tipped into recession. That was the previous Government's record—any kind of shock tipped us over.

Mr. Bone: Does the hon. Gentleman realise that trade with India is decreasing rather than increasing under the Government?

Stephen Hesford: That is because the Indians got off to a quick start. However, our economy will survive India's rapid growth and thrive on it. We will conduct more trade with India, which will become another economic partner. The Labour Government have enabled Britain to be better equipped for such challenges.

The Government will support parents and families to survive the shocks, balancing work and family needs through tax credits. Unlike some other hon. Members, I pay tribute to my right hon. Friend the Chancellor for introducing the tax credits, because, in my constituency—I can speak only for my constituency—they have been a success. Six thousand families in my constituency benefit from tax credits and the new maternity and paternity rights that are coming on stream. In other parts of the Wirral, not necessarily strictly in my constituency, Sure Start and nursery education make important positive differences.

Let me deal with the Budget itself. [HON. MEMBERS: "Thank goodness."] It is well worth waiting for. Economic growth will continue under the Government. I have spoken about the 10 years during which I have watched the delivery of Budgets. The four if not five previous shadow Chancellors have predicted recession regularly.

Rob Marris (Wolverhampton, South-West) (Lab): Every year.

Stephen Hesford: My hon. Friend is right. That has happened every year, and they have been wrong every year. My right hon. Friend the Chancellor predicts that the economy will pick up from 2.7 per cent. to 3.25 per cent. in the coming economic period and I look forward to that. I wonder whether the Tories will make another prediction that will be proved wrong. *[Interruption.]* The hon. Member for Wycombe laughs—I await his speech with interest.

Public borrowing is on course for meeting the golden rule, as it has been since 1997. There will be a £16 billion surplus in the cycle that ends in 2010–11. Employment has risen in my constituency. There are 170,000 more people in work since last year's Budget. I have not been able to discover the figures for my constituency, but I am told that the £970 million shared equity scheme will help 35,000 people in the UK, and I look forward to it benefiting some of my constituents.

The environment was a key part of the Budget, a fact that has been welcomed by many of my hon. Friends, not least my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz). The climate change levy presents a challenge. It has been opposed by the Conservatives in successive years, and they have not yet signed up to it. That represents a key dividing line between us. I am pleased that my right hon. Friend the Chancellor has taken the difficult but important decision to increase the levy in line with inflation. No doubt the Tories will argue that they oppose that proposal for business reasons. They certainly have not welcomed the climate change levy in principle. I would like to hear whether they are in favour of it in principle and whether they support its uprating.

I welcome the £1 billion for the establishment of an environmental research institute. I also welcome the change that my right hon. Friend has made to the taxation of car use. Cars with the lowest emissions will

[Stephen Hesford]

attract no vehicle excise duty, while the 1 per cent. of cars that cause the most pollution will attract duty of £210. That is the right way forward and I hope that Members on both sides of the House will welcome those measures. The Chancellor will revisit the level of fuel duty in September and it remains to be seen whether it will be increased. The delayed decision must be seen in the context of the rise in world oil prices and we shall have to reassess the situation in September.

The hard-working families in my constituency will benefit from the rise in personal allowances to £5,035, and the rise in the child element of tax credit to 14 per cent. over the next few years. I welcome that, as will those families. I am not so sure about the 1p on a pint of beer, but I certainly welcome the 9p on a packet of cigarettes. I was one of those who pressed strongly for the ban on smoking in public places and the increase is a social measure as well as an economic one. I also welcome the rise in stamp duty exemption to £125,000 and the inheritance tax figure moving up to £325,000.

There is another potential dividing line between Opposition Members and ourselves about which little has been said by the Opposition so far. I heard a conversation between two Liberal Democrat MPs yesterday, following the announcement of the increase in the child trust fund to £250—£500 for lower income families—at age seven. Their initial reaction to that announcement was, "Good. That's more money allocated that we can take back when we abolish it."

Rob Marris: Name them.

Stephen Hesford: When the Liberal Democrats come to wind up, I would certainly welcome an assurance that they would not abolish the child trust fund, although I suspect that I would be disappointed in that hope.

I have already mentioned the sporting successes in my constituency, in regard to the open golf championship. I have looked fondly at our success at the winter Olympic games and, in particular, at the Commonwealth games, on the back of the investment from UK Sport and the Government. I therefore welcome the £600 million for world-class British athletes that, I hope, will build on that success in the years to come.

I wait with interest to see whether the decision to increase investment in education that my right hon. Friend announced yesterday will be supported by the Opposition. That was a key political statement. Such decisions are not taken easily, but they are taken for the principled reason that we should invest in the future of ordinary, hard-working families and their children so that they can make the best of their natural abilities and compete on a level playing field in the best possible circumstances with the 6 to 7 per cent. who benefit from private education. Although I do not begrudge people their private education, I want the vast majority of children to have access to the best. My right hon. Friend was brave and correct to come to such a decision and that will not be lost on the mums, dads and grandparents in my constituency.

One might say that making such decisions is what a Labour Government should be doing, and it is the sort of the thing that this Government are doing. I ask all parties in the House to support this decision and to do so not just in principle by saying that they think it is a nice idea, but to do so by agreeing to guarantee the money not just for one year but for each and every year until 2011 when the rise in spending will take effect. I also welcome the additional £585 million that will be distributed directly to schools throughout the financial year 2006–07.

Community support officers are making such a difference in my constituency. Their introduction was opposed by Conservative Members even though I believe that Members on both sides now support the work that those officers do. I am therefore delighted that my right hon. Friend the Chancellor is building on their success by doubling their number to 16,000 at a cost of another £100 million.

I am also delighted that my right hon. Friend has seen fit to copy the very good free transport system that we have had for a long time in Merseyside and extend free pensioner travel across the country. That will be very much welcomed on both sides of the House. It will certainly be welcomed by pensioners in my constituency who were able to travel throughout Merseyside for free, but became frustrated when they reached the border and had to start to pay for their travel.

It has been argued that the NHS was not mentioned in the Budget speech. Since I first spoke in the House in 1997, I have watched the economy and my local health service. I have regularly visited my local NHS trust and all the other health services in my area in my nearly nine years in Parliament. I do not deny that there are difficulties in certain trusts—others can address that issue—but the NHS in my area certainly speaks for itself. I am very pleased that it does.

I welcome the Budget and I am delighted to have been able to take part in the debate. Perhaps I should have started with this, but I apologise to the House for not being present for the beginning of the debate. However, I am grateful to have had the chance to speak.

4.45 pm

Mr. David Gauke (South-West Hertfordshire) (Con): It is a great pleasure to follow the hon. Member for Wirral, West (Stephen Hesford) who, as ever, delighted the House with his fluency and wit. Certainly, there was a fair degree of laughter on this side of the House, and I am grateful to him for that. I wish to return to the issue of productivity raised in the forceful speech of my hon. Friend the Member for Beverley and Holderness (Mr. Stuart).

Productivity is hugely important, and the Chancellor devoted much of his speech to measures intended to improve it. He has said in the past:

> "Productivity is a fundamental yardstick of economic performance, and poor productivity condemns a nation to be held back."

There is an element of complacency about productivity in the documentation produced by the Treasury. The impression gained is that the Treasury is rather proud of this Government's productivity record. The hon. Member for Normanton (Ed Balls) intervened on that point earlier to say that, as is stated in the Red Book, the evidence points to raised productivity growth over the current cycle compared with previous cycles. I think that that is the gist of his remarks.

Interestingly, that same point was made to an economist on "Newsnight" last night, who replied that the current economic cycle has yet to be completed, so there are a number of years in which productivity is expected to be low as part of that cycle. Therefore, the comparison is not like with like. The expression that she used to describe the Treasury's presentation of the productivity figures was "sleight of hand". I am not an economist, so I am in no position to say whether she was correct.

There is no doubt that current productivity, on the basis of the 2005 figures, is very poor. It is at a record low, whether one measures it by growth in output per worker or by growth in output per hours worked. Productivity growth in 2005 was extremely slow—either the slowest since records began or at least since 1991, depending on which measure one follows. As for the projections, the Treasury continues to predict sluggish productivity growth in future years.

The key question for the House to determine is what is causing this poor productivity. There are a number of reasons for it. First, the balance of the economy has changed, in the sense that the public sector is now bigger, compared with the private sector, than a few years ago. The productivity record of the public sector, particularly in health and education, is not impressive. It should also be acknowledged that it is difficult to measure productivity in that sector. In terms of progress and new evidence of growth, the Treasury's, "Productivity in the UK" makes that very point. None the less, the Office for National Statistics is attempting to find better ways of measuring productivity. Whichever method it uses, however, it tends to find a problem.

On health, the ONS report produced by Tony Atkinson estimated the decline in NHS productivity as 1 per cent. per year since 1997. On education, the ONS changed its methodology to measure productivity—I am not critical of it for doing so—but the previous methodology suggested a decline of 2 per cent. per year in recent years. A more sophisticated approach still results in a decline of 0.5 per cent. per year since 1998. Whichever way one cuts it, productivity is not impressive in the public sector. That is the gist of the point made by my hon. Friend the Member for Beverley and Holderness.

Mr. Soames: My hon. Friend is right that it is extremely difficult to gauge, but by any standards, by and large, productivity in the public sector is way inferior to that in the private sector.

Mr. Gauke: That is absolutely true, and it brings me neatly to what I was about to say. Productivity in the private sector has also not been impressive in recent years, but the change in balance, with the public sector growing at the expense of the private sector, has reduced our overall productivity because productivity in the public sector has been particularly poor in recent years.

There are a number of explanations for what is happening in the private sector. Many economists would argue that a large element of it is due not to policy failures but to what might be described as labour-hoarding. A number of businesses expect a slowdown in the economy, which means that there is less work, but rather than lay off staff—and expecting the slowdown to be followed by some economic growth, which would mean having to find new staff—they retain existing staff for longer than they might have otherwise.

Ed Balls: I want to be sure that I understand what the hon. Gentleman is saying. He seems to be saying that in the past, when the economy experienced a tough year, people were laid off, unemployment shot up and employment fell. Because nowadays people think that a tough year in the British economy will be followed by a return to growth, they do not lay off staff but retain them in their jobs. That is why in that particular year employment stays high and productivity figures are slightly lower. I understood the hon. Gentleman to be saying that that was good news for the British economy rather than bad news—or did I misunderstand?

Mr. Gauke: The hon. Gentleman may find this hard to understand, but I was not making a partisan point. I know that this will be beyond his comprehension, but I am not claiming that labour-hoarding results from a failure of Government policy. All I am saying is that it is happening—that it is an observable fact. It is a good thing. If it is thought that the economy will grow and that it is therefore unnecessary to lay people off, that is clearly a good thing. There was no criticism in what I was saying at that point; but—

Ed Balls: But!

Mr. Gauke: Yes, there is a "but". When labour is hoarded—if that is the correct phrase—and growth does not follow, there is more vulnerability to an increase in unemployment. If the downturn lasts longer than expected, there will be higher unemployment. That is a potential difficulty. In 2006 we are witnessing some increase in unemployment, perhaps suggesting that the labour-hoarding is unwinding to some extent. We shall see.

There are, however, more substantial reasons why productivity has been so poor. One is the increase in regulation. According to the "Burdens Barometer" published by the British Chambers of Commerce, the cost of regulation has risen by £14 billion since 1998. The World Economic Forum says that since 1997 the United Kingdom has fallen from 13th in its league table to 30th in terms of Government regulation.

The Chancellor focused a great deal on the City of London in his Budget and the papers that have been produced. The City faces great challenges and regulation, which in general are not domestically driven. They come not from the United Kingdom but from the European Union: the markets in financial instruments directive, for instance, is causing concern.

Taxation is another problem. Business taxes have risen substantially. The Ernst and Young analysis shows that if North sea oil revenue is excluded, taxes are the highest that they have ever been. The level of taxation is not the only difficulty, however. We should observe what is being done by our competitors. We are to be taxed more heavily than Germany, and it is no surprise that Germany's growth is likely to exceed ours in the years ahead.

We should consider not just our own taxation level, in absolute terms and relative to those of our competitors, but the complexity of taxation. Let me give an example.

[Mr. Gauke]

I know that vehicle excise duty is not a business tax, and I am not particularly critical of the policy per se, but it is rather characteristic of this Chancellor that we are to have seven different rates whereas once we had only one. That illustrates this Government's tendency to complicate matters. According to a World Economic Forum assessment, in terms of tax simplicity the UK is ranked 67th in the world, tied with Benin.

A further element threatening productivity is the decline in business investment. The Chancellor said in his 2001 Budget that

"To achieve our first ambition—to secure the fastest productivity growth of our competitors over the next decade—business investment must rise".—[*Official Report*, 7 March 2001; Vol. 364, c. 298.]

That is not happening. Business investment is falling, in part because of the taxation and regulation that I mentioned earlier. It is now at a record low: about 9 per cent. of gross domestic product, which is the lowest level since records began in 1965.

The British Chambers of Commerce and the CBI have offered substantial criticism of our skills levels. I know that more is being spent on education and I am not critical of that, but we must get the value for money that the Government have not achieved in the past. Until we get the full reforms that we need, I will not be all that optimistic. To be fair, the Government are moving in the right direction through their Education and Inspections Bill, but there is still a long way to go.

This country has enormous advantages, such as the English language and strong cultural links with many other parts of the world. In an increasingly globalised world, we should be able to succeed, grow and prosper. There is cross-party consensus on the need to embrace globalisation, and we at least all talk about a belief in and desire for free trade, even if we do not always implement it. But our economy is becoming increasingly clogged up and it is less competitive and productive than it was. There are some fundamental economic issues that we need to face, and I fear that this Budget has completely failed to do so.

4.57 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke), who talked about productivity in detail and with great knowledge. Indeed, he somewhat embarrassed the Government.

Yesterday was the first Budget that I had witnessed as a Member of the House of Commons. I got here very early to put my green card by my normal seat, only to discover that the place was packed with green cards. I felt a sense of great anticipation: this was going to be a packed House, and I was about to hear the iron Chancellor tell us about his great new reforms. According to the bookies, it was to be the right hon. Gentleman's last Budget as Chancellor, and he will be elevated to the role of Prime Minister very soon. So although it is always a thrill and an honour to enter the Palace of Westminster, I felt a little extra anticipation yesterday.

The Chancellor spoke for just over an hour, but it seemed like three hours. After half an hour, a fellow Conservative whispered, "I've given up the will to live." Another said to me, "When does the Budget start?" I thought that they were simply being partisan, but I noticed on looking across to the Labour Benches that three Back Benchers had fallen asleep. Later, some of them left. I thought that the Front Benchers would be okay, but when I looked at the Deputy Prime Minister, I noticed that even he was enormously bored. The Prime Minister was grinning, but it was even more artificial than usual. So in that sense, I was very disappointed with the Budget. The leader of my party said more in eight minutes than the Chancellor said in over an hour.

I thought that I should measure the Budget against the expectations of the people of Wellingborough, whom I regularly survey through my "Listening to Wellingborough and Rushden" survey. Of the issues that they mention, five in particular always come top: pensions, council tax, police and crime, education, and health. Wellingborough is a rapidly expanding town. Indeed, according to the Office of the Deputy Prime Minister, over the next 15 years 9,825 new dwellings will be created in one half of my constituency, and 6,800 in the other. So there will be an enormous increase in the number of people in the constituency. It worried me that the Budget provided no encouragement for first-time buyers. The small increase in stamp duty exemption did not even cover the average price of a new home for a first-time buyer. That was a little mean, and the Chancellor could have done better on that.

One important issue in Wellingborough is pensions. I agree with previous comments about the 85,000 people affected by the failure of their company pension schemes. It is unfair that the Government have not dealt with that problem. If an ombudsman criticises the Government on an issue, they should take notice of what she says. We cannot let 85,000 people down through maladministration and do nothing about it.

People are now beginning to realise the implications of the £5 billion that has been stolen from pensions each and every year, as their pensions are being slashed. I should congratulate the Chancellor on one point: he has put the tax burden up to its highest ever level, but he has done so cleverly. He has done it through stealth taxes that people have not noticed initially, but they are now all coming home to roost.

In my constituency, a group of pensioners were so fed up that their pension was going up by less than the increase in the council tax that they started a campaign. They had public meetings, and shadow Ministers came to speak to them. What annoyed those pensioners so much was that the basic state pension was not going up enough to cover the increase in council tax in my constituency. They were also fed up with means-testing. Many people knew that they could get more money if they applied to the Government for pension credit, but they were not prepared to do so. They did not want the Government to know all their financial background. They thought that after paying in year after year, they should not have to go on bended knee to the Government for a few extra pounds a week. That is the problem with the pension credit. We should get rid of it and all the other bribes, and give people a decent pension. One of the few issues on which I agreed with my predecessor was that the millions, if not billions, of pounds of unclaimed pension credit could be added to the basic pension right now. I do not know why the Government do not do that.

Council tax also comes high in the list of priorities for the people of Wellingborough. That is partly because we have had the biggest rise in council tax since it was introduced. Part of the reason why the councils have had to put up the council tax is the funding formula used to support the revenue grant. It is clearly based on historic evidence not future population growth, and we have lost out year in and year out.

It is strange, however, that before the election, when Labour controlled the county council, the increase in revenue support grant was £7 million. The Conservatives took over, and this year's increase was only £2 million. That is wholly unacceptable—

Dawn Primarolo: I have listened carefully to the points that the hon. Gentleman has made, and he has so far produced a list of large spending commitments, over and above the Government's spending. I hope that he will tell us what policies his party has to raise the tens of billions of pounds that he thinks should be spent.

Mr. Bone: I certainly will if I get time, but the Minister is being a little unfair—[HON. MEMBERS: "Surely not."] Surely. I was arguing that there should be a fairer distribution of the revenue support grant.

Mr. Gauke: I suspect that part of the costs to which the Paymaster General referred related to the loss of occupational pensions, which the Government constantly say will cost £15 billion to put right. Does my hon. Friend agree that it would be interesting if the Government could explain later in the debate how they reached that figure?

Mr. Bone: As I understand it, the sum each year is not very much and there have been several suggestions as to how it might be covered.

Policing and law and order are huge issues in my constituency. We shall be talking about extra policemen—and before the Minister jumps up again, I shall tell her how we would pay for them. People in my constituency want local policing; they want to see more police on the beat, catching criminals and deterring people from crime. The Government are doing exactly the reverse. They have come up with police support officers, but that money should be spent on real policemen.

The Government talk about local policing, yet in my constituency the proposed amalgamation for an east midlands force means that we shall lose our local area. Our chief superintendent, who was based in Wellingborough, is now based in Kettering, and that east midlands force will cost millions and millions of pounds. Why not scrap the idea of regional police forces and spend the money on extra police officers?

There has been much talk about education and about how much extra is being put into the education budget. Well, we are not seeing it in Wellingborough. Under the Labour Government, a Labour-controlled county council demolished John Lea secondary school. The sale of the site, including the school playing fields, raised £11 million, yet only £2 million was reinvested in my constituency. The destruction of that school means that all the town's other secondary schools have overcrowded classes, and people moving into the town with teenage children have problems finding a school for them.

Thousands and thousands of new dwellings are being built in my constituency, but where on earth will the children go to school? There are not enough schools. Despite all the talk about education, education, education, it is certainly not happening in Wellingborough.

Ed Balls: In the hon. Gentleman's opinion, would the people of Wellingborough support the Government's proposal that we should raise the level of state spending to the level of private school spending, or would they agree with the shadow Chief Secretary that that would be throwing money away?

Mr. Bone: I really am grateful for that intervention, because the people of Wellingborough do not believe anything the Government say about education—*[Interruption.]* They have seen a secondary school knocked down, but they have seen no more money, and they are having to sack teachers from primary and infant schools. *[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the hon. Gentleman. Could Members on the Front Benches contain their discussions until they catch my eye?

Mr. Bone: Perhaps I should move away from education, Mr. Deputy Speaker, as it was causing a bit of concern, but I shall finish the point I was making, as the hon. Member for Normanton (Ed Balls) wanted a reply.

I do not believe a word that the Government say about education. I do not believe that any extra money will go into education in Wellingborough. The Government's history over the past nine years is that in Wellingborough educational provision has gone down. It may be great in the hon. Gentleman's constituency but it is not in mine, and the Government should take that into account. Wellingborough should receive its fair share of education spending.

The most important issue in Wellingborough is the health service. As many Members have said, the Chancellor did not mention the health service at all. I am not really surprised. Dentistry in Wellingborough has been privatised, and I saw no commitment in the Labour party manifesto to do that. There were far more NHS dentists in Wellingborough in 1997 than there are today. If people can find an NHS dentist who will take them on, it is almost a miracle. On GP appointments, we have one of the lowest ratios of doctors to patients in the United Kingdom, and it was much better in 1997.

The most important problem in the area relates to Kettering general hospital. There is no hospital in Wellingborough, and we should have a community hospital there. We hear that the Government are in favour of community hospitals, but there is no money for one in Wellingborough. However, the Government have a very useful formula for funding the NHS to make it fair across the country. That is a very good idea. The only problem is that when they announced that funding, they provided my area with only 85 per cent. of what the

[Mr. Bone]

funding formula says the sum should be. *[Interruption.]* Labour Members may argue about that, but I am told that the reason why that happens is that other areas get more money.

I am pleased that other areas get more than their formula share, but that is not good enough for the people of Wellingborough. All the talk of the formula and funding may not really mean anything to the people of Wellingborough, but when the local hospital must cancel 3,000 out-patient appointments and 600 operations, close a ward and an operating theatre, and transfer nurses from one area to another, that is when it comes home to roost.

Rob Marris: May I gently suggest to the hon. Gentleman that he check his figures on the formula funding in Wellingborough? I think that he will find that from 1 April 2007, no primary care trust in England will be below 95 per cent. of formula. I very much doubt whether his PCT is currently 15 per cent. off formula, because I think that I am right in saying that no PCT in England is anywhere near 10 per cent. off formula. So I urge him in his litany of doom and gloom for Wellingborough—it does sound dismal—to check his figures on the NHS.

Mr. Bone: The figure that I cite has never been challenged locally. In fact, I am told that it translates into £21 million less for the local hospital. I am pleased to hear that progress will be made, but the Government always promise jam in the future, and I really do not believe it.

Let me quickly consider some of the people who have been affected by the Government's action. I shall give some examples of what the Government have meant to patients in Wellingborough. Miss Major has been in agony. She has been admitted to the accident and emergency department on three or four occasions. She needs an operation. The operation was planned, but it was cancelled because of the cuts. Someone in my constituency is in agony, because of the cuts forced on us by the Government. Mrs. Baddock had to wait more than six months for her operation, yet the Government say that no one is waiting more than six months for an NHS operation. What they say and reality are completely the reverse. Mrs. Cutting has a heart complaint. In September 2005, she was told that she needed an electrocardiogram. I should not have thought that an ECG was a particularly difficult thing to arrange, but she has been told that she will not have one until November 2006. She has pointed out to me that it will be four years from when she first fell ill to when she gets any treatment whatsoever.

Last night a constituent phoned me and said, "My father has to have a heart bypass. He had a heart attack in June 2005. Four times he's been admitted to hospital, Four times he's been ready for the operation, and four times it has been cancelled because of staff shortages." That is the reality of the NHS in my area.

The Minister challenged me on how we would fund some of the extra commitments. Well, first, I congratulate the Government on scoring a century. Under their leadership, since 1997, £100 billion of taxpayers' money has been sent to the European Union—that so-called free trade area. Can they explain why £100 billion has to go to the European Union to provide a free trade area? If only half of that money had been left in this country, they could have met all the funding commitments without any problem whatsoever.

This Government have failed us; this Chancellor has failed us. Whatever this Budget was, it was not a Budget for Wellingborough.

5.15 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): I am pleased to follow my hon. Friend the Member for Wellingborough (Mr. Bone), who spoke with such passion about how the Budget will affect his constituency. He started by talking about the hype that surrounded the Budget. I agree with him—for many of us who, for the first time, were able to sit in the Chamber and listen to the Budget, there was an awful lot of hype surrounding the event. In fact, one could describe it as a non-event. We had a 61-minute speech and lots of documents—1,000 pages in all, I think—but there was very little to tackle some of the challenges that we face today. There was nothing to assist productivity growth, pensioners or the NHS. When we remove the North sea oil revenues, we find that we are being taxed more now than ever before.

Dawn Primarolo: Will the hon. Gentleman explain to the House why he wants to take North sea oil receipts out of calculations of tax?

Mr. Ellwood: It has been a common practice to be able to read the two sets of figures: one with North sea oil revenues and one without. That gives a good indication to the public. They can recognise how much contribution is made from North sea oil.

Dawn Primarolo: Will the hon. Gentleman follow through by explaining whether it is his party's policy that, whenever a sector is doing well in the economy, its contribution to tax is to be removed from the tax calculation?

Mr. Ellwood: I think that the right hon. Lady is deliberately trying to mislead me. We are trying to show that if there is a significant sector that is contributing to the revenues and that is removed, it gives a good indication of what the rest of the economy is doing. I am not saying that we should take any one sector in isolation, but North sea oil provides such a large amount of revenue for this country that it is important that we are able to see both figures. As I said, that is common practice. It is nothing new.

Several hon. Members *rose—*

Mr. Ellwood: I think that I will make a little progress, otherwise there will not be an opportunity for the winding-up speech.

I am trying to convey that, because of what is happening to the economy, borrowing is not under control. This year, we are having to borrow £37 billion or, to put it another way, £175 billion over the next five

years. That is all to do with over-regulation of our economy, and that also applies to businesses and affects growth. Productivity growth is falling from 2 per cent. to 1.75 per cent.

Of course, there were some great headlines in the Budget. One of them was about education, which we have spoken about at length. However, when we analyse that—we have had a couple of days to look at the figures—we realise that the increase is less than 1 per cent. Another headline-grabbing bit of news was that pensioners are to get free travel during off-peak times. That is wonderful, but the measure does not come in until April 2008. The Chancellor failed to mention that.

The Budget was promoted as a green Budget, but it contains very little to turn around the CO_2 figures that we face. We have heard many times the fact that, in the past five years, CO_2 emissions have increased rather than fallen. I am glad that the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) is now in his place. I hope that we will be able to meet our Kyoto targets, but I asked him whether we would meet Labour's manifesto commitments on greenhouse emissions. The answer to that is no. We will not be meeting them at all.

Sadly, we spent much of today's debate discussing not the Government's initiatives, plans for Labour, or plans for Britain, but what the Tories and the Liberal Democrats would do instead. In the remaining days of the Budget debate, I hope that we will focus on how we can improve the situation with CO_2 emissions, instead of trying to second-guess policies that are yet to mature and be announced in their fullness.

Where are the initiatives on rail transport? France is actively encouraging people to abandon their cars and use rail, but we heard nothing in the Budget about that. Indeed, there was nothing on cycling to encourage people to abandon their cars, specifically during the school run. We could easily help to tackle CO_2 emissions through VAT on aviation fuel, but again we heard nothing about that. All that we have heard is a lot of attacks on Tory policies.

Mark Lazarowicz: If all the matters that the hon. Gentleman thinks should have been covered in the Budget statement had been covered, it would have lasted a lot longer than the 61 minutes about which he is complaining. Is it now the case that the Conservative party thinks that there should be VAT on aircraft fuel, or an increase in air passenger duty? I would be interested to know—I might actually support it.

Mr. Ellwood: The hon. Gentleman falls foul of exactly the same thing that I accused him of earlier. He is trying to talk about Tory policy when we should be debating the Government's policy. There will be ample opportunity to discuss Conservative policy in due course, but today's debate is about the Government, not the Conservative party. Yes, we heard a 61-minute speech from the Chancellor, but there was not one mention of any of the initiatives that I have cited in the statement or in the 1,000 pages that were produced. *[Interruption.]* I will make some progress because I appreciate that we want to hear from the Front-Bench spokesmen.

At the start of the debate, we digressed by talking about the NHS. The NHS is in crisis, but there was nothing in the Budget to alleviate it. We acknowledge that an extra £1 billion has been put into the NHS, but today we became diverted on to a debate about whether simply to throw money at something. That debate was entirely misleading. Conservative Members do not question the fact that extra spending must be put in, but it is the way in which the money is spent that is important. Reform must accompany spending, which shows the whole point of us scrutinising the money that is spent.

Although Dorset has one of the worst-funded health authorities in the country, we are just able to make ends meet. However, as authorities in other parts of the country cannot do their sums and run their services correctly, £11 million is being removed from our health authority so that it can be given to other authorities. Dorset, which is doing well, is being made to suffer and yet another health authority will go into the red. That cannot be sensible, and it shows exactly why we need the reform about which I spoke earlier—*[Interruption.]* I get the message and will draw my remarks to a conclusion.

I was pleased, on a personal level, by the announcement of the introduction of a charitable fund to help British victims of terrorist attacks abroad. Such a fund was absent until now, although Spain, France, the United States and other countries had introduced one. Adequate compensation was provided after people were sadly killed or affected by the 7 July bombings because of the Criminal Injuries Compensation Authority. However, those affected by an attack on Britons abroad did not get a penny because the compensation scheme is limited to British shores and travel insurance does not cover terrorism. I am pleased that the fund has been introduced and I ask the Paymaster General to give us details on when we will have a full announcement on how the process will work.

The Budget was left wanting. An awful lot could be done and we need answers soon. We cannot wait until the comprehensive spending review to tackle problems with the NHS, the climate, the economy and, certainly, our support for pensioners.

5.24 pm

Mr. Paul Goodman (Wycombe) (Con): It is a pleasure to respond to the second day of debate on the Budget, all of which I heard bar five minutes. I also spent two hours attending yesterday's debate, which was a great pleasure to listen to.

I should like to respond to some of the points made in today's debate. The first Opposition speech was made by the hon. Member for Leicester, East (Keith Vaz)—who is not in the Chamber, but he may return. Almost the first thing he did was to make the extraordinary claim that he was inundated with telephone calls yesterday in support of the Budget. We regard that as very strange—I certainly have not been inundated with such calls, and neither have my hon. Friends. Perhaps he was making a bid to return to the Front Bench. Later, he said that the Chancellor's speech was too long at one hour and two minutes, so he may not return just yet. He made a very good point about the Olympics with which we wholeheartedly concur. He spoke, too, about the effects of terror—a point also rightly made by my hon. Friend the Member for Bournemouth, East (Mr. Ellwood).

[Mr. Paul Goodman]

The hon. Member for Edinburgh, North and Leith (Mark Lazarowicz), who is in the Chamber, made a long speech—perhaps longer than he expected—on climate change, which is a subject on which he has great expertise. After 36 minutes he said, "Can I say briefly?", and he may wish to follow that advice in his next contribution. However, he made some very good and interesting points.

The hon. Member for Wirral, West (Stephen Hesford) spoke about 56 periods of continuous growth. He was right to do so, but he did not make the point fully, as he failed to mention that many of those periods were under a Conservative Government. However, he reminded the House that we left the Government a golden economic legacy which, alas, they are not handling well, as we shall see.

My hon. Friend the Member for Mid-Sussex (Mr. Soames) gave a masterly summary of the effect of government on business. My hon. Friend the Member for Beverley and Holderness (Mr. Stuart) dealt with productivity growth and cited some figures, to which I shall return. My hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) made the same point and spoke, too, about the effects of regulation. My hon. Friend the Member for Wellingborough (Mr. Bone) dealt with the effect of the Budget on council tax in his constituency. He said that the Budget did not do anything for Wellingborough—he should know, as he is a fine constituency Member.

We know full well that the Chancellor's annual Budget speech does not so much reveal the Budget as conceal it. We know from experience that the full truth about the Budget is contained not in the big announcements in the Chancellor's speech—there were not many such announcements in his speech yesterday—but in the small print of the Red Book. Page 180 shows that he has revised down long-term productivity growth from 2 per cent. to 1.75 per cent. His speech yesterday certainly did not reveal that fact—it concealed it. Page 252 shows that he has revised up his current deficit from £4 billion to £7 billion. His speech yesterday did not reveal that fact—again, it concealed it.

The Chancellor claimed yesterday that it was a Budget for the environment, but page 262 reveals that he expects to take less, not more, revenue over the next two years from the climate change levy, although his speech did not mention that fact either. Above all, there is the issue of council tax. Page 186 of last year's Red Book includes the heading, "Building a Fairer Society", and lists 17 measures, the 15th of which is payment for the over-65s. An £800 million payment was to be made to help hard-pressed elderly people whose council tax bills have, in most cases, risen, and the value of whose pensions have, in many cases, fallen.

Stephen Hesford *rose—*

Mr. Goodman: I shall certainly give way to the hon. Gentleman. Perhaps he would like to explain why some of the money handed out to pensioners last year to help them with their council tax is not available this year.

Stephen Hesford: The hon. Gentleman is talking rather rapidly and becoming excited. He glossed over the issue of climate change, but I urge him to deal with the facts. Do the Opposition support the climate change levy in principle, and do they support the inflation rise applied to it?

Mr. Goodman: If I am excited, I can assure the hon. Gentleman that that has nothing to do with the contents of his speech. On the climate change levy, we will introduce proposals at the next election. There are problems with it. That, I think, deals with him.

Page 188 of this year's Red Book contains the equivalent table. The section headed "Building a fairer society" has shrunk to five measures. Perhaps the Chancellor has given up on building a fairer society. He has certainly given up on helping pensioners with their council tax. In that table an extension of the £800 million is nowhere to be seen. Could the withdrawal of special council tax help for pensioners have any connection with the fact that there was a general election last year?

My right hon. and hon. Friends will no doubt argue that the withdrawal of help reveals last year's offer of help to be a cold, cynical, calculating pre-election bribe. I will not quarrel with that assessment, although my suspicion is that the withdrawal of that help is also the Chancellor's personal contribution to the Prime Minister's election campaign in May. Those elections will provide an opportunity for millions of disillusioned and angry pensioners to give their verdict on the Government's decision at the ballot box.

I want to step back from the Budget and examine the seriousness and starkness of the economic challenge that confronts Britain's future.

Keith Vaz: Will the hon. Gentleman give way?

Mr. Goodman: No, I must make progress and let the Paymaster General in.

In 2050, China's share of world trade is estimated to rise to 24 per cent. North America's is estimated to fall by 2 per cent. to 23 per cent. The EU's share is set to fall by almost half to a mere 12 per cent., so the choice is clear. Even to maintain our position—to keep up with North American rather than European Union growth rates—we must compete to prosper. If we are to meet the challenge of the 21st century, the economy must travel in the right direction.

We all know, or should know, what that means—high growth rates, improved competitiveness, better productivity, internationally competitive tax rates, light touch regulation, strong savings and investment with reform. Last year our growth was 1.8 per cent. It was not growth at North American levels. It was not even growth at EU levels. A 1.8 per cent. growth rate was below the EU average—indeed, I can tell the hon. Member for Normanton (Ed Balls) that we were 19th out of 25—below the Organisation for Economic Co-operation and Development average and below the world average, but the Budget will do little to take our growth, compared with that of our competitors, in the right direction.

We need improved competitiveness. According to the World Economic Forum, as we heard, since 1997 we have dropped from fourth place in the competitiveness league table to 13th. In 1997 our share of world trade

was 5.7 per cent.; last year it had fallen to 3.8 per cent. The Budget will do little to take our competitiveness in the right direction.

We need improved productivity, as my hon. Friend the Member for Beverley and Holderness said. He pointed out that year on year growth in productivity is at its lowest since 1990, at 0.4 per cent. From 1992 to 1997, as he said, the improvement was 2.6 per cent. Under the Labour Government it fell to 1.3 per cent. The Budget contains little to take our productivity in the right direction.

We need tax rates that are internationally competitive, but far from going in the right direction, our tax burden is going in the wrong direction. In 1997, our tax as a share of gross domestic product was just under 35 per cent. The falling line of tax as a percentage of GDP in Germany is about to cross the rising line of tax as a percentage of GDP in the UK. Page 266 of the Red Book confirms that tax as a percentage of GDP next year is expected to rise to 38 per cent., the highest rate for about 20 years.

The USA, Canada, Australia and Ireland, as the hon. Member for Belfast, North (Mr. Dodds) pointed out, are following the same competitive path. In 2000, our business taxes were 10th from the OECD lowest; now, they are 10th from the OECD highest. The Budget will do nothing to make our tax rates more competitive or to make our tax burden go down rather than up. The Chancellor could not bring himself to admit yesterday that the Budget adds another £5.5 billion over three years to the nation's tax bill, already the highest since records began.

We need strong savings, and it is here that the Chancellor is perhaps most culpable. My right hon. Friend the Member for West Dorset (Mr. Letwin) earlier quoted the Prime Minister in opposition. The Chancellor said in opposition:

> "I want the next Labour Government to achieve what in 50 years of the welfare state has never been achieved: the end of the means-test for our elderly people".

What has happened to means-testing under the Government? When we left office, the percentage of pensioners who were means-tested was 37 per cent., whereas now it is 46 per cent. and climbing.

What has happened to saving? Since 1997, the personal savings ratio has fallen by half. This Budget will do nothing to take savings in the right direction, any more than it will restore the £45 billion that the Chancellor has plundered from pension funds since 1997. Yesterday, the Chancellor could not even bring himself to admit that he expects the savings ratio to fall yet again next year, any more than he could bring himself to mention—I will be interested to see whether the Paymaster General can manage this—the words "Lord" and "Turner" in the same sentence.

Above all, we need investment with reform. We have had the spending—money has been poured into hospitals, schools and child care—but we have not had the reform. Yesterday, the Chancellor had scarcely a word to say about, and no action to take, on the NHS. I concede that the Chancellor had plenty of words and an action plan for education, but it was an action plan with no timetable.

Ed Balls: Will the hon. Gentleman give way?

Mr. Goodman: The hon. Gentleman has not been here for the whole debate, but if he will tell me whether he wrote the jokes in yesterday's Budget speech and what the timetable is for bringing public sector schools up to the standard of private sector schools, I shall give way.

Ed Balls: The hon. Gentleman has referred to the importance of tackling the challenge of globalisation through investing in productivity, and education and skills are particularly important. Does his party support our goal to raise the level of state spending in schools up to the level of private schools? Does he support that goal—yes or no?

Mr. Goodman: The hon. Gentleman must be really slow. Of course we support the goal, but we want a timetable, which he did not give us. It is no wonder that when the Prime Minister needs support for real education reform—reform with a Conservative direction of travel—he has to rely on Conservative votes to get it through the House of Commons. The Chancellor will be pleased to hear that if the Prime Minister introduces real NHS reform with the same Conservative direction of travel, he will again be able to rely on our support to get it through, even if he cannot rely on Labour Back Benchers.

As for child care, the House will be aware of rising complaints from private, voluntary and independent providers that the Government are driving them out of business because of the lack of a level playing field in child care, and today I can provide the House with new figures. According to Laing and Buisson's day nursery market report 2006, in the year to January 2006, 40,030 places provided by local authorities opened, but in the same year 17,715 day nursery places provided by the private sector closed, which is very serious. That is the first time that I have seen figures showing a decisive tilt from the private sector to the public sector, and that figure throws into question the Government's commitment to a mixed market in child care. Perhaps the Paymaster General will say what the Budget will do to provide a more level playing field in child care between the public sector and the private sector.

The Budget will do nothing to deliver investment with reform, because we will not have investment with reform while we have a Chancellor who is the roadblock to reform. The vigour, creativity and strength of British business—strength largely achieved despite Government policy, not because of Government policy—are to some degree masking all those moves in the wrong direction. There is so much that is good in the British economy, but the economy could and should be even better. The great challenge presented to the Chancellor and to this Budget was the challenge of 21st-century change. There is no global pension fund waiting to be raided by countries that have run out of incomes to tax by stealth, and there is no international tax credit system waiting to bale out Governments who get into

[Mr. Goodman]

trouble. However, there is a global golden rule—that we must compete to survive—and it is a golden rule that even this Chancellor and this Budget cannot fiddle.

The Budget should and could have put stability first by making the assessment of the Chancellor's fiscal rules independent. It could have sent Britain in the right direction, but it did not do so, because this is an old-fashioned, tax-and-spend Chancellor who has run out of ideas and who is running out of time. Yesterday, he ran away from using his Budget to tackle the crisis in our health service. He is a Chancellor who is preparing himself for the premiership and not preparing Britain for the future. This is a Budget for Brown, not a Budget for Britain.

5.39 pm

The Paymaster General (Dawn Primarolo): The past two days of the Budget debate have covered a great deal of ground, with hon. Members asking several questions that I will do my best to answer in the remaining time. Let me start by mentioning the specific questions that the hon. Member for Bournemouth, East (Mr. Ellwood) asked about the announcement of the new fund to support victims of terrorist attacks here and outside the UK. I hope that he accepts that it would be better if I wrote to him in order to do justice to a subject about which he is very concerned and with which he has been deeply associated, because I could not do it justice in this short time.

This has been a wide-ranging debate to which the contributions made by Conservative Members can be summed up thus: "We want to discuss climate change but we've got nothing to add, we want to discuss pension policy but we've got nothing to add, we want to discuss the national health service but we've got nothing to add, and we want to discuss education but we've got three different commitments." First, we had the hon. Member for Chipping Barnet (Mrs. Villiers) telling us that the Conservatives will not honour the commitment on the expansion of education. Then we had the right hon. Member for West Dorset (Mr. Letwin) saying today, "It sounds like a nice idea—we'll think about it." Then, by this evening, we had the hon. Member for Wycombe (Mr. Goodman) saying, "Yes, we will match it." The problem throughout the debate has been that the Conservatives have no policy with which to engage in it.

Keith Vaz: On the hon. Member for Chipping Barnet (Mrs. Villiers), who was of course missing from her Front Bench during the opening speech, I was e-mailed a copy of "In Touch", the Conservatives' newsletter in Oakleigh ward, with a picture of her and the caption,

"Theresa gains another signature for her petition for more police".

Is not that a call by the hon. Lady for more expenditure, not less?

Dawn Primarolo: I think that the case is made. The hon. Lady, like many Conservative Members, wants to stand in this Chamber and decry public expenditure and call for it to be cut, then they go back to their constituencies and demand more expenditure and investment in public services. During today's debate, the hon. Member for Mid-Sussex (Mr. Soames) was the only Conservative Member to show the good grace to give credit to the Government where it is due.

The Budget announced yesterday by my right hon. Friend the Chancellor demonstrated a vision for a modern Britain leading on enterprise and prosperity and leading in opportunities and fairness. It sets out world-class public services and an ambition to build on a platform of stability and growth. As my right hon. Friend said, we have had 54 quarters of consecutive growth—the longest expansion in British history. This is a stable economy, with inflation at the 2 per cent. target, interest rates low and record employment. The crucial difference between this Government and the previous Government is record levels of employment, with more than 2.3 million more jobs since 1997.

My hon. Friend the Member for Leicester, East (Keith Vaz), who spoke eloquently in support of the success of the Budget, referred specifically to the textile industry, on which he has campaigned a great deal in this House. The UK remains a good place to start and grow a business, with the World Bank study, "Doing Business in 2006", placing the UK at the top in the European Union, with the best business conditions. Support for local business environments through the local enterprise growth initiative, worth £50 million next year, is an important contribution to that, as is the improved access to finance for small businesses through the enhanced incentives to invest in small businesses through venture capital trusts.

Gregory Barker *rose—*

Dawn Primarolo: If the hon. Gentleman will let me make a little progress, I will certainly give way to him if I have time.

Yesterday, my right hon. Friend revealed a vision for modern Britain and detailed the reforms that will effect it and make the UK the location of choice for business, with more investment in skills and education. Those reforms will help us to meet the challenge of climate change. I shall deal with the points that hon. Members made about that shortly. The reforms will be embedded in our public services for long-term efficiency.

Let us be clear about the economy's current position. The UK economy has coped well with the challenges in 2005. They include sustained higher oil prices, weak euro area demand and a subdued housing market. Under the stewardship of the Conservative party, all those factors would have driven the economy into recession. The Organisation for Economic Co-operation and Development described the UK economy as a paragon of stability. The International Monetary Fund emphasised that macro-economic stability remains remarkable in the UK. In the nine years since 1997, the UK economy has grown by 24 per cent. In the previous nine years, under a Conservative Government, it grew by 15 per cent. If growth in the past nine years had been the same as in the preceding nine years, the average household would be more than £3,300 worse off than it is today.

Conservative Members also try to manipulate figures when describing tax revenues and rises. It is crazy and demonstrates why they are not fit to run the economy. They tell us that, by excluding North sea oil revenues, we

somehow have the highest tax take. That is simply not sensible. What are they thinking about? If they take out North sea oil, will they also take out the financial sector and its receipts when it is doing well? Of course not.

Gregory Barker: Will the Paymaster General give way?

Dawn Primarolo: No, not at the moment. When North sea oil is included, the tax take is not as high as the peak in 1984. The OECD measure—the approved, internationally comparable measure of the tax burden—states that, in the UK, we rank below the OECD average and the European average. Indeed, every year since 1997, the tax burden has been below the peaks that were reached in 1984–85. Let me remind Conservative Members that some of the choice measures that they included in their previous Budgets included VAT on fuel and increasing VAT to 17.5 per cent. The Conservative Government cut advance corporation tax in 1993 and had the same effect on funds as they claim that the Government are now having.

Gregory Barker: Will the Paymaster General give way?

Dawn Primarolo: No, I shall answer the questions that hon. Members have asked and, if I have time, give way to the hon. Gentleman.

The hon. Member for Mid-Sussex made many points about pensioners. I agree that every hon. Member should be concerned about that, but I want to remind him of a few factors. Reforms to pensioners' tax and benefits since 1997 have meant that pensioners are, on average, £27 a week better off and the poorest third of pensioners are £39 a week better off. Let me put it another way: 2.1 million pensioners have been lifted out of absolute low income between 1996–97 and 2004–05, and more than 1 million have been lifted out of relative low income in the same period. They became the victims of low income and poverty under the previous Government's policies.

I stress to the hon. Member for Mid-Sussex that, of course, it is important to have an effective pensions system in future. Lord Turner's contribution to the debate and the Government's response will ensure that a carefully considered programme that balances the principles of personal responsibility, fairness, simplicity, affordability and sustainability, is implemented.

The hon. Member for Belfast, North (Mr. Dodds) also asked about the ombudsman's report. He acknowledged that the Department for Work and Pensions had made a considered response to it and I do not believe that I can add anything to that. However, in May 2004, the Government set up the financial assistance scheme, covering 15,000 people, and we have made a commitment to review the fund for the scheme.

The health service was mentioned repeatedly. Let us get a few things straight. The Government's plans for the NHS were set out in the Budget of 2002, providing clear plans for right up to 2008, offering long-term certainty for the NHS in order for it to plan. Since 1997, UK health spending has risen from the £33 billion that we inherited from the previous Conservative Government to £97 billion, representing a 7 per cent. real-terms increase per year. Now, 99 per cent. of people suspected of having cancer are seen by a specialist within two weeks, and we no longer have to listen to horrendous stories in our surgeries resulting from Conservative Government policy. If the Conservatives want to know where the money went, I shall tell them. It has gone towards 660,000 more operations and 1 million more elective admissions each year. These represent increases of 88 per cent., 89 per cent. and 108 per cent. in people's treatment.

Alongside that, there are now 79,000 more nurses and 27,000 more doctors. By the end of the 2004 spending round, the NHS will have 90 per cent. higher spending in real terms than it did in 1997. The money has not gone to pay for managers' salaries, as Conservative Members insist on saying. NHS managers now comprise 3 per cent. of the staff, whereas that figure was 5 per cent in 1997, so the percentage is falling under this Government.

The hon. Member for South-West Hertfordshire (Mr. Gauke) made a measured contribution, in which he mentioned productivity. He had the good grace to acknowledge that, in the public services—including the national health service—measuring and improving productivity presented a challenge. However, the NHS report shows improved productivity as a result of lower levels of staff sickness and the reduced use of agency staff in 2004–05, which freed up about £60 million more for patient care. But, of course, it cannot end there.

Mr. Gauke: I think that I am grateful to the right hon. Lady for her kind words, although they will probably not do my career any good. None the less, there is still a problem with productivity in the health service. I am grateful to her for saying that I made a measured contribution, but I have to tell her that productivity is very poor in the health service, just as it is in the education system. I accept that it is difficult to measure, but according to any measurement, we have a problem in our public sector.

Dawn Primarolo: The hon. Gentleman must know, because he appears to follow these discussions closely, that the Office for National Statistics has done some work with us on this matter and that it has produced a paper showing a range of measures to illustrate where productivity is increasing in education and in health. The ONS acknowledges that these measures represent staging posts towards an ongoing programme to improve productivity in regard to information, so that we can get a much fairer picture of what is going on. We are clearly flagging up that this is about getting accurate and timely information to give us a proper assessment of the productivity.

The hon. Member for Wellingborough (Mr. Bone) said that there was no encouragement in the Budget for first-time buyers. Mortgage rates are at their lowest levels since the 1950s and the cut in the cost of mortgages has resulted in a level that is now about £4,000 a year. Interest rates, at 4.5 per cent., remain close to their historic low levels and it is estimated that there will be about 2 million more home owners by the end of 2006 than there were in 1997. That shows that the Government are introducing precisely the kind of measures that assist home owners by providing stability, low interest rates and certainty.

[Dawn Primarolo]

The hon. Member for Mid-Sussex raised the question of spending on housing, and he was right to do so. It is important that we invest in social housing as well. I can tell him that investment in housing is growing at 4.1 per cent. in real terms from 2004–05 to 2007–08. That compares with 0.2 per cent. from 1979 to 1997. The extra resources are going to every area in England, and the devolved Administrations will receive the Barnett consequential rises.

The hon. Gentleman also made a number of eloquent and pertinent points about defence, diplomacy, the role of the Foreign Office, the importance of the diplomatic service and the contribution made by our armed forces. I entirely agree with him. Such issues are very much in the minds of Ministers as they come forward in the negotiations and discussions with the Chief Secretary on the spending reviews and consider carefully how we balance all our commitments.

There was a great deal of discussion about the environment and the contributions of Opposition Members can be characterised by the words, "We wish the environment were better, but we don't know how to do that." The Budget has set out the next stages in the Government's strategy to tackle the global challenge of climate change, and that includes measures to encourage energy efficiency in the business sector and an increase in the climate change levy in line with inflation as from April 2004.

Stephen Pound (Ealing, North) (Lab): Will my right hon. Friend give way?

Dawn Primarolo: Will my hon. Friend forgive me if I do not give way? [HON. MEMBERS: "Aah."] Okay, he has charmed me.

Stephen Pound: I am very grateful to my right hon. Friend, but I fear I may disappoint her. She will be as familiar as the rest of the House with the theoretical journal of the Conservatives in Oakleigh ward. In view of what she has just said, did she realise that Councillor Gerard Silverstone, who lives in Brighton but represents constituents in Barnet, is somehow taking advantage of the very transport policies that she has just shared with the House? Does she think that it is an unexpected consequence of our policy and is it one that she now regrets?

Dawn Primarolo: My hon. Friend makes a very interesting point, which I may need a little longer to reflect on than I have this evening. The climate change levy package has made a significant impact on energy consumption if not the travel arrangements of the councillor whom my hon. Friend mentions.

The levy is encouraging businesses to improve their energy efficiency and, as a country, we are reaching our Kyoto targets. We will publish shortly a climate change programme review that will set out the way forward. As Members have rightly pointed out, we need to do more than our Kyoto targets.

The Government are also using the "polluter pays" principle in the implementation of our environment policies. This principle ensures that, by using tax, we can influence behaviour. That is precisely what we have done. As my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) said, far more needs to be done to achieve our objectives.

This has been an interesting two days of the Budget debate. I regret that, because of time, I cannot answer every point that Members made, but I look forward to their participation in considering the Finance Bill, so that we can discuss it in detail. I commend the Budget, which adds measures to enhance our national position as a prime location for inward investment, promotes London, invests in skills, reforms our education and training programme, makes sure that we have the employment skills that we need for the future—

It being Six o'clock, the debate stood adjourned.

Debate to be resumed on Monday 27 March.

PETITION

Pelican Crossings

6 pm

Bob Spink (Castle Point) (Con): Over the last decade, there has been an increasing acceptance by both the public and politicians that road safety for pedestrians, particularly children, the elderly and disabled people, must come above convenience for the motorist, especially around schools and shopping areas and where fast roads must be crossed. I pay tribute to Mrs. Johnson and each of the 400 or 500 signatories to her petition, which states:

To the House of Commons.

The Petition of the residents of Canvey and others,

Declares that we the residents of Canvey Island and surrounding areas wish to formally record our concerns regarding the lack of safe crossing points on High Road, Canvey Island for pedestrians, particularly the elderly, disabled and those with children.

The Petitioners therefore call on the House of Commons to urge the Government to impress upon Castle Point Borough Council the need to install a new pelican crossing on High Road, Canvey Island, as requested by the Member of Parliament, to improve safety for all pedestrians.

And the Petitioners remain, etc.

To lie upon the Table.

Mr. Omid Farivar

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Dhanda.]*

6.1 pm

Clare Short (Birmingham, Ladywood) (Lab): I want to raise the case of Omid Farivar and his family, who are asylum seekers from Iran living in my constituency. Over the years that I have been in the House, I have dealt with many hundreds and probably thousands of asylum cases. Some have been distressing, and some disturbing, but probably none has been worse and more worrying than this one. I have therefore written to the Home Office and the Minister on a number of occasions, and have asked for a meeting with the Minister, which he refused. I am therefore bringing the case to the Floor of the House to try to draw the Minister's attention to this case's extremely distressing features, which inspire compassion, in the hope that I can get him to reconsider.

All of us who deal regularly with asylum cases know that there has been a continuing hardening of attitudes in the Home Office in recent years, and a growing unwillingness on the part of Ministers to use the discretion given them by Parliament to deal with cases that truly arouse compassion. I still find it hard to believe, however, that any UK Minister, let alone one who claims to be a Labour Minister, can possibly refuse this case. If I do not achieve a reconsideration by the Minister, my concern is that the doctors of my constituent's 13-year-old daughter fear that she is unlikely to reach the age of 14 and extremely likely to commit suicide. I will come to the evidence of that in a moment. In addition, her father, if returned to Iran, is very likely to be executed.

I should stress that I am anxious not to identify the family too closely. I have given the name of my constituent, and I hope that that will not cause ramifications. The obvious reasons for my hesitation are those of privacy and concern for the mental health of the daughter, but also that the family are fearful of any consequences of publicity here for their family in Iran. My regional television company, Central television, was anxious to take up the case and interview the family. Although that might have helped them, they refused, because they fear what might happen at home if they draw attention to themselves.

My constituent is a graduate in chemical engineering. For a time, he was a lecturer, and then became a development and research manager in a substantial factory. His wife is also a chemical engineering graduate, production manager and part-time chemistry teacher. Obviously, the family are highly educated and were living comfortably in Iran.

In February 2003, however, my constituent was involved in a road traffic accident in which a child was seriously injured. That was obviously a tragedy, but it turned into a nightmare for the family, because the boy was the son of a high-ranking member of an Islamist group referred to in Iran as Hizbullahi—as I understand it, all such groups are funatically supportive of the Government, but this particular group is especially fanatical, tends to enforce Government rules, and is known as Feshar. My constituent tells me that its members are hard-line militant enforcers of Islamist rules.

After the accident the police went to the scene, talked to witnesses and took my constituent to a police station, where he was held for three days. The father of the boy then went to the police station and claimed that my constituent had knocked the boy over on purpose. He kicked and beat him. At first the police were inclined to stop that, but when the political-activist senior figure said that my constituent had knocked the boy over on purpose they joined in, and he was beaten very severely.

On the second day, my constituent was asked to sign a confession. He resisted, but was beaten more and then gave in. The confession stated that he had deliberately injured the boy because he was trying to harm the father, and that he had been drinking alcohol. That was all completely untrue, but he signed the confession because he was beaten. He was then taken to court, and was detained while they waited to see what would happen to the boy. He was in prison for two to three weeks; then the boy sadly died.

My constituent's family experienced great difficulty in getting any solicitor to represent him because of the political position of the boy's father, but eventually they found a solicitor who secured his release from prison on bail. When the boy died, however, he was detained again. The court then ordered him to pay blood money or be executed. Obviously he accepted the order to pay blood money, but in such cases the offended party must agree. The boy's family would not accept blood money, but said they would agree to accept it and would not demand execution if my constituent agreed to engage his 11-year-old daughter to the brother of the boy's father, a 42-year-old. The boy's father also went to see my constituent, and said that even if my constituent was executed he would follow his family and take the life of a young person to pay for the life that his own family had lost.

My constituent then talked to his wife and father about what he should do. He thought that perhaps he should accept execution to release his family from the pressure that they were under, but they said "No: agree to the deal. Then at least we can get you out of prison, and try to find a way forward." He therefore accepted the deal and paid the blood money, which he tells me was 15 million toman. I have no idea how much that is, but I imagine that it is a substantial sum.

Then the daughter was engaged to the brother, but whenever the man called at their house she would shake in fear. Her father felt absolutely dreadful, and decided that he could not do it: she was too young. Then his father paid a people-smuggler—one of those people who now run the asylum system of the world—to take the family out of the country. But the smuggler was arrested—I do not think that it was to do with this case—and put in prison, so the money was lost and that plan did not work.

The fiancé—the 42-year-old brother—kept calling at my constituent's house to see his daughter. My constituent said that he could not accept it any more. He dismissed the engagement, and returned the presents that the fiancé had brought.

Before the engagement, the family of the boy who had died in the accident had come to my constituent's house, broken windows and harassed and threatened the family. All that stopped when the engagement was on, but after it was broken off the attacks started again.

[Clare Short]

That led to an invasion of the house. The invaders found the satellite television, which is illegal in Iran. They also claimed to have found political books and alcohol. My constituent tells me that he did have a satellite television, but did not have political books or alcohol. He was not involved in any political activity in Iran. However, the allegations were being made by a political faction, which made him into a political prisoner.

My constituent was then taken to the fanatical group's own prison, which he tells me was very nasty, like a cage, with sharp needle-like pieces of metal embedded in the cement of the floor. He was there for 10 to 12 days. There was no light, and he did not know whether it was day or night. He was taken out of the cage and beaten, then put back, many times. He was then released, because his father had paid a lot of money for him to be released, and told to report to the group daily. He tells me that there are special courts to deal with political offences—Islamic revolutionary courts.

Given the doubts of the regrettably misinformed adjudicator in the case, let me say that Human Rights Watch is very clear about the fact that there are political courts in Iran: there is no question about that. My constituent was not politically active, but he was accused by a political faction of being politically motivated, and was therefore treated as a political prisoner.

My constituent's father, having got him released from prison, looked for a way to get him and his wife, son and daughter out of the country. They found and paid a people-smuggler, who got them false visas on their real passports. By now, they were not staying at home but moving between friends and family. Then, they got the message to go to the airport very early on a fixed day. The smuggler gave them their passports and told them which passport check-line and door to go through. My constituent assumes that people were bribed to let them through. They did not know until that morning where they were going. They had no motivation to get to the UK; they just wanted to get out of the country and the danger that they were in. They were given tickets and told to rip up their passports on the plane and to apply to UK authorities when they arrived, which they did. My constituent knew nothing whatsoever of asylum or any asylum seekers before he came to the UK.

Since the family have been in this country, the daughter has had constant nightmares and will not eat. Her doctors have written medical letters to me; indeed, they are so worried about her that they have even come to see me at my advice bureau. They are extremely fearful that she will commit suicide. I have provided the Home Office with copies of those letters. Dr. Usha Jayarajan, clinical psychologist, and Dr. Irene Lampert, consultant child and adolescent psychiatrist, of Birmingham Children's hospital—a fine and prestigious hospital—say that the girl

"suffers from Post Traumatic Stress Disorder and associated Mood Disorders."

She

"has difficulty sleeping, waking frequently from frightening nightmares where she sees the cyclist who died in the accident in Iran, covered with blood and chasing her with knives in his hands, threatening to kill her and her family."

When she is awake

"she sees people who are walking towards her as the cyclist covered in blood and becomes afraid that he is going to kill her".

She

"experiences many symptoms of acute anxiety; she is sweaty, dizzy, trembling hands, fidgety, palpitations and suffers from headaches."

On one occasion, she

"became dizzy resulting in her falling and breaking her leg in three places."

She

"is visibly very tense and has a constant sense of dread"

and

"is unable to eat as it makes her feel nauseous."

When she is awake,

"she reports finding it difficult to think about anything other than the events that led them to flee Iran and how terrible their situation is now, compared to the comfortable life that they had prior to the accident."

She

"has a sense of despair and hopelessness resulting in a persistent wish that she were dead. She has tried to persuade her mother to agree to a suicide pact for the whole family."

The letter continues:

"As we have already indicated, a strong feature of"

the girl's case

"is her persistent wish to kill herself. It is our strong belief that if"

she

"believed that she was to be returned to Iran she would make a serious attempt to kill herself, and would quite possibly succeed, before she ever reached there."

Since that letter was written, I have received a further letter from the doctors. It states that

"the situation has gone from bad to worse."

The father is now deeply depressed and there is a lot of blame between daughter and father for what has taken place. The letter continues:

"We have a very real worry, that if the situation is not swiftly resolved, i.e. the family are given permanent permission to stay, then"

she

"is not going to make a recovery."

The doctors have discussed the case with a senior hospital figure, and they are all worried that she

"will not see her 14th birthday. If this were to be the case, then the subsequent impact on the rest of the family is too horrific to contemplate."

As if that were not bad enough, since the family has been in the UK the son has developed leukaemia. A letter from a consultant paediatric haematologist at Birmingham Children's hospital—I have sent a copy of it to the Home Office—dated 7 June 2005 states that the son

"was first diagnosed with acute myeloid leukaemia at the beginning of March 2004 and he received intensive chemotherapy until August 2004. He is currently in remission and on regular follow up. He is not requiring any active treatment at present although there still does remain a significant risk of disease relapse, particularly over the next two to three years . . . treatment was quite intensive and we are continuing to monitor him in the Outpatient Department for any sign of toxic effects following this treatment. He does have a significant risk of relapse and if this occurs he will need intensive further treatment and bone marrow transplant. Were he to return to Iran it is unlikely he would get the sort of follow up that would pick up complications following his

treatment and secondly should his disease relapse, he will not have access to multi-agent chemotherapy and transplant as would be available in the U.K. Even should he relapse, he has a good chance of being cured with further intensive treatment."

The tragedy of the boy comes on top of the rest of the tragedy for that family.

Since they have been in the UK, they have kept in touch with the father and mother of my constituent. Their house has been invaded twice by that fanatical group and they have been beaten on both occasions. After the second invasion, the mother had a heart attack, but is still alive.

My constituent is a very intelligent, calm and reflective man. There is no doubt about the sincerity of his belief—I have been to their house and spoken with them at some length—that if he is sent back he would be sent before a political court, because he has been accused of political activity, and probably executed. His children would also be targeted, as was threatened.

I have written to my hon. Friend the Minister and asked for a meeting. His letter of 6 March relies on an adjudication that turned down the family's case. Some of the medical evidence that I have given today was not put before the adjudicator, but the adjudicator simply did not believe the story. There is no doubt in my mind that the adjudicator was simply wrong. The reason Parliament gives Ministers discretion is so that they have the right to overturn a decision when the adjudicator gets it wrong.

It is notable also that in October 2003, before the adjudication, the Home Office argued that the general human rights situation and freedom of speech in Iran were improving, and the country was in a state of transition. I hope it is accepted—it is certainly the rhetoric of our Government—that since the 2005 elections and the appointment, in particular, of Mostafa Pour-Mohammadi as Minister of the Interior, that is emphatically no longer the case. He was previously involved in a decision to execute thousands of political prisoners in 1983, an event that Human Rights Watch considers a serious crime against humanity under international human rights law.

That is the case that I am bringing to the Floor of the House and before the Minister tonight. I am sure that he is very busy and has many cases to consider. Perhaps he has not in the past had time to consider all the details of this case, but I ask him to please, please use his discretion to allow the family to remain in the UK on compassionate grounds because that would save their lives. They are a very nice and highly educated family and, if allowed to stay, I am sure that they would be very good citizens of our country.

6.18 pm

The Minister for Immigration, Citizenship and Nationality (Mr. Tony McNulty): I congratulate my right hon. Friend the Member for Birmingham, Ladywood (Clare Short) on her success in securing the slot for an Adjournment debate today. As she knows, these occasions provide Members with an opportunity to raise in some detail on the Floor of the House issues of a constituency nature. I have to say, for reasons that I will discuss, that I was a little disappointed by her choice of subject, not least because, as she knows only too well, we have been in fairly regular correspondence about the case to which she refers.

I have, as my right hon. Friend knows, taken the time to respond in some detail about the case. However, as a matter of principle, it would not be right for me to discuss on the Floor of the House or in any other public forum the particular circumstances of this or any other asylum case, and I will not do so today. I also consider it inappropriate to discuss this case on the Floor of the House because the applicant's legal representatives have applied for the case to be heard before the High Court under judicial review, and that application remains outstanding. In that context, it simply is not proper for me to discuss the substance or the individual circumstances of the case. I receive numerous requests from MPs to meet and discuss specific cases, and where appropriate I do so. I also receive numerous requests to use my limited discretion, and where appropriate I do so.

I do not agree with my right hon. Friend's contention that there is a growing unwillingness to listen to cases or a hardening of attitude at the Home Office, for reasons that I shall outline as I set out the broad general principles.

My right hon. Friend is more than aware that asylum and human rights applications are considered by the Home Office on their individual merits, in accordance with our obligations under the 1951 UN refugee convention and the European convention on human rights. When cases are assessed as well founded, we provide protection by granting asylum to those who meet the definition of a refugee under the 1951 convention, and by granting humanitarian protection to people who are not refugees but who would face a serious risk to life or person arising from torture, inhumane or degrading treatment or punishment, the death penalty or unlawful killing, and who are not subject to specified exclusion criteria.

Each application is considered against the background of the latest available information about the situation in the country of origin. Full account is taken of the ability of the individual concerned to reside safely in other parts of their country when it is not safe for them to return to their home area. By the bye, however busy I am—and I do not deny that everyone is busy—I take each and every case that comes before me extremely seriously, and read them in as much detail as necessary.

The Government firmly believe that the right approach is to continue to assess carefully the protection needs of individuals on an individual basis. Similarly, returns are taken forward on a case-by-case basis. We enforce the return of an individual only when we are satisfied that to do so would not put the person at risk.

As my right hon. Friend knows, since the new single-tier appeal system was introduced in April 2005, unsuccessful applicants have been able to appeal to the Asylum and Immigration Tribunal. If unsuccessful at appeal, an applicant may submit an application to the tribunal for a review of the decision. The AIT is an independent body established by Parliament to adjudicate on matters of that kind, and I would not normally intervene where an applicant's appeal had been dismissed by the tribunal, except in the most compelling circumstances. In cases where an applicant still has an avenue of appeal, such as an application for judicial review of an immigration decision, it would not be appropriate for a Minister to intervene.

[Mr. Tony McNulty]

As my right hon. Friend knows, the Government expect all asylum seekers found not to be in need of international protection to return to their country of origin. Help and advice for those who want to return voluntarily can be obtained from the immigration office dealing with the applicant's case. Alternatively, such help and advice can be obtained from the International Organisation for Migration, which is an independent body.

Clare Short: I did not know that there was a judicial process, but I have two questions for my hon. Friend. In a case such as this, when he will not agree to meet me and has turned everything down, yet I genuinely and sincerely believe—as do her doctors—that a child is likely to kill herself because her father's life is in danger, how does he recommend that I take the case forward? Secondly, if the judicial process does not lead to success, will he agree to meet me to discuss the case?

Mr. McNulty: Members find ways and means of raising aspects of cases each and every day. I shall not comment directly on the outcome of the judicial process until it is complete. We are doing all we can through the immigration and nationality directorate, to ensure through correspondence, e-mail, hot lines and so on, that any subsequent information that a Member wants to submit about an individual case can be taken fully into consideration. I spend much of my time deferring decisions on removal directions or other aspects of cases so that new information—if it is genuinely new—can be put before the caseworker concerned, or me.

With the greatest respect, I have to point out that with the best will in the world, the issue is not simply about meeting the Minister in every instance. I meet individual MPs and they talk to me about cases and raise specific points with me every time I am in the House. It is right and proper that I should make myself available in that way. As and when appropriate I meet MPs on a regular basis, but I do not do so in every case where a Member has requested a meeting. I do not think that doing so would be fair on the MPs, given the expectations that may or may not be raised with the applications or the general process that I undertake in dealing with cases.

I hope that my right hon. Friend will accept that things are improving in our interactions with MPs in such cases. We are doing all we can to improve not only the decision-making process and the information made available during that process, and how the IND and the Home Office work with MPs and their caseworkers and correspond about cases, but more broadly in creating a more robust asylum process, rooted in the 1951 convention, which is and must be our starting point.

In conclusion, the IND and the Home Office are doing things far more efficiently, but not in the context of a more hard-headed approach or a growing unwillingness to use discretion. Of course the asylum system, rooted in the 1951 convention and the European convention on human rights, is and should be about dealing with political repression and the circumstances of specific cases and their ins and outs. Rather than going into the specifics of the case—to be perfectly honest, it would be inappropriate to do so on the Floor of the House or in any public forum—it is right and proper that I have dwelt on the broader issues that I hope will be of some use to my right hon. Friend.

Question put and agreed to.

Adjourned accordingly at twenty-six minutes past Six o'clock.

House of Commons

Monday 27 March 2006

The House met at half-past Two o'clock

PRAYERS

The unavoidable absence of MR. SPEAKER *having been announced,* THE CHAIRMAN OF WAYS AND MEANS *took the Chair as* DEPUTY SPEAKER, *pursuant to the Standing Order.*

PRIVATE BUSINESS

DEATH OF CHRISTOPHER ALDER

Resolved,

That an Humble Address be presented to Her Majesty, that she will be graciously pleased to give directions that there be laid before this House a Return of the Report dated 27th February 2006 of the Review by the Independent Police Complaints Commission into the events leading up to and following the death of Christopher Alder on 1st April 1998.—*[Mr. Alan Campbell.]*

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Joint Strike Fighter

2. **Mr. Peter Bone** (Wellingborough) (Con): What progress has been made in discussions with the United States about the joint strike fighter. [60957]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): We continue to make good progress with the US to ensure that the UK's military and industrial requirements for the joint strike fighter programme will be met. In the past 10 days, there have been no fewer than three meetings on those very issues with the Senate Committee on Armed Services, involving the Secretary of State and my noble Friend Lord Drayson, the Minister for Defence Procurement; one took place in Washington and two in London. Following those discussions, we remain optimistic that we will be in a position to sign a production, sustainment and follow-on development memorandum of understanding in December, as planned.

Mr. Bone: Does the Minister really believe that the joint strike fighter will ever enter service? If so, when will it do so, and by how much will it be over budget?

Mr. Ingram: Yes, I do, and it will be on programme.

Mr. Lindsay Hoyle (Chorley) (Lab): Of course my right hon. Friend is aware of the need to ensure that the contract goes ahead, but as part of that contract we need to see final assembly for the north-west and full heavy maintenance in the United Kingdom. Those are the reassurances that we need, as well as the hope of a short take-off and vertical landing version of the joint strike fighter. Can my right hon. Friend enlighten the House on what progress has been made?

Mr. Ingram: I would love to be able to enlighten my hon. Friend, but no final decisions have yet been made on the points that he raises.

Mr. Michael Jack (Fylde) (Con): On the basis of a briefing that I received from our embassy in Washington, may I record my appreciation for what Lord Drayson has done by way of representation on Capitol Hill?

While the Minister pursues his objective of ensuring that the memorandum of understanding is signed in November, what steps are being taken to bring the armed forces committee and the House of Representatives on side? They appear still to be the ultimate logjam.

Mr. Ingram: I know that the right hon. Gentleman has taken a close interest in the matter, and that senior members of his party were present during the representations made in Washington. All the representations are being made as strenuously, as pointedly and, I believe, as constructively as we can make them. Every effort will be made to ensure that that continues, and I know that the right hon. Gentleman will take the opportunity to express his view to those in Washington with whom he is in contact.

Sarah McCarthy-Fry (Portsmouth, North) (Lab): Does the Minister agree that the decision by the United States to cancel the development and construction of the second engine, apart from delivering a blow to British jobs, was shortsighted? In creating competition by developing two engines, we could have driven down costs in the whole project and secured a better engine design.

Mr. Ingram: That was an important part of our earlier approach, and we still believe that it would confer added enhancement and benefits to the programme. We will continue to make that view known. It was raised when my noble Friend Lord Drayson met the US Senate Committee on Armed Services about 10 days ago, and we continue to raise it, along with all the other representations that we make about the need for transfer of the technology.

Nick Harvey (North Devon) (LD): I commend the robust attitude that Ministers are taking on the issue of technology transfer, but may I ask how much money has been spent on the programme so far, and what conditions were established at the outset in relation to technology transfer? Clearly we are talking about huge sums, and I presume that the Government must have included some guarantees in the original agreement that they negotiated.

Mr. Ingram: I do not have the precise figure to date, but I can say from memory that it is about $1 billion. I will write to the hon. Gentleman with a more up-to-date figure.

The other issue that has been raised is "Government to Government". We have very good relations with the United States Administration, although obviously we have differences with them as well, and express ourselves forcefully when those differences arise. When agreements are reached, they are reached by two mutual and close partners. I do not see the worries that the hon. Gentleman is trying to raise. I know that there is a bit of anti-Americanism in certain parts of politics today; I think that that is to be regretted, and that it detracts from what we are seeking to do.

Dr. Liam Fox (Woodspring) (Con): I am sure that the Minister would agree that the JSF is the best aircraft for the roles that are currently envisaged, and that defence technology transfer should not be an issue, given the intelligence co-operation and nuclear weapon technology exchange between the UK and the US. Does he also agree that failure could drive the UK into further European procurement that is not, in this instance, in the strategic interests of either the UK or the United States?

Does the Minister understand the fears of the United States about the leakage of defence technology? Would he care to reflect on the damage done by today's news that 41 German companies are being investigated over sales of equipment and technology to Iran for potential use in its nuclear programme, and the impact that that will have on Capitol Hill?

Mr. Ingram: I thank the hon. Gentleman for his efforts, particularly during his visit to Washington, in trying to ensure that we do what is required to take this programme forward. We have made it clear that we want to win the contract on the proposed basis and we are making every effort to achieve that. The US Administration—and, indeed, beyond that—well understand the strength of our case, but it does not help to point out that other nations are allegedly involved in things that they should not be doing, as such a claim has been the basis of press reports. Clearly, there are some concerns within the US about this matter. As I said in my earlier answer to the hon. Member for North Devon (Nick Harvey), the issue will be settled on the basis of the good relationship that exists between very close allies and partners. If we strike the deal that we want, I am sure that every aspect will be honoured on both sides of the relationship.

Veterans Badge

3. **Mr. Iain Wright** (Hartlepool) (Lab): What progress he has made with his plans for the veterans badge now that the one year trial period has come to an end. [60958]

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): I can confirm that, following the trial, which proved its popularity, we will continue to issue the veterans badge to service leavers. I can also tell the House that more than 200,000 badges have been issued to date and eligibility to apply will be extended to all qualifying veterans as soon as it is practicable to do so, so that all generations can have the privilege and honour of wearing it.

Mr. Wright: Of all the issues that I have dealt with during my time in the House the veterans badge has had the greatest impact in respect of take-up among constituents—and rightly so. Will the Minister expand on his answer and tell us what plans he has to extend the scope of the badge to other campaigns—perhaps to include widows of veterans, too?

Mr. Touhig: My right hon. Friend the Secretary of State for Defence announced on 13 February that we will extend eligibility to veterans who served in our forces up to 31 December 1959. They are now able to apply for the veterans badge. I can tell my hon. Friend that those eligible to apply for it are members of the armed forces, the merchant navy, the Home Guard, the Polish forces and the UK command in the Cyprus Regiment. The badge can also be awarded posthumously to widows who are in receipt of a service pension. I have letters almost every day from people across the country who are hugely grateful for the opportunity to wear the badge. It was a fantastic idea that has been a huge success and it demonstrates how much the whole House and the whole nation value our veterans.

Mr. John Randall (Uxbridge) (Con): While I recognise that, is not the present position unfair to people who served the country during the last war, but who were precluded from joining the armed forces because they had to work in reserved industries and other such areas? If it is inappropriate to give them a veterans badge, does not the Minister believe that something should be done to reward people who served their country well, but not necessarily in the armed forces?

Mr. Touhig: Our success in prosecuting and winning the last war was the result of the whole nation's efforts, and I am sure that the whole House recognises that. Our responsibilities, however, relate to those who served in His Majesty's armed forces at the time. That is why the veterans badge is awarded in the way that it is. I am aware of the contribution of the Bevin boys, the land army and others and I understand that some people believe that they should also qualify—a matter for my ministerial colleagues in other Departments as well as me—but I certainly share the sentiment behind the hon. Gentleman's point.

Royal Regiment of Scotland (Kilts)

4. **Mr. Jim McGovern** (Dundee, West) (Lab): What guidelines he has laid down for the procurement of the tartan material required for the production of the new Royal Regiment of Scotland kilts. [60959]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): Procurement of kilts for the Royal Regiment of Scotland will be carried out under public procurement regulations, which are applicable under United Kingdom and European Union law. Sourcing the tartan will be the responsibility of the successful bidder. Award of the contract for the kilts will be based on a thorough assessment of quality and technical standards as defined by the user, as well as on cost in order to ensure best value for money for the taxpayer.

Mr. McGovern: I thank the Minister for his response and for the correspondence that he sent me on this matter. However, there remains considerable concern in Scotland that the new tartan might well be manufactured outwith Scotland, possibly in eastern Europe. On this, the very day before the official formation of the new Royal Regiment of Scotland, will the Minister assure the House that, just as Jersey potatoes must come from Jersey and Newcastle brown ale from Newcastle, the new Scottish tartan for the new Scottish regiment will be manufactured in Scotland?

Mr. Ingram: I know that my hon. Friend is trying valiantly on this issue, but we are constrained by European regulation. *[Interruption.]* Perhaps I should explain that the current prime contractor for the kilts is based in England.

Mr. James Gray (North Wiltshire) (Con): I am astonished by the Minister's last remark. My understanding is that the firm of John Noble and Co., in Peebles, has made the kilt for the British Army in Scotland since the late 18th century, and that the contract is for 5,000 kilts at a cost of £300,000. The Minister must appreciate that the Scottish soldier's kilt has always been made in Scotland. It is made there now by John Noble and Co., and surely the Minister can see that both its weaving and manufacture should continue to be done in Scotland.

Mr. Ingram: On a point of accuracy, Robert Noble and Co. makes the tartan, the prime contractor is a Yorkshire-based company and a company in Alexandria manufactures the kilts. The contract, which is a £1 million contract for 5,000 kilts, will go out to tender. There will be a repeat contract for 300 kilts each year. The material in question is not being changed; it is already in use. We are simply standardising the use of a material that used to apply only to certain officers throughout all the ranks.

Mr. Gordon Prentice (Pendle) (Lab): Army kit that used to be made in Lancashire is now being made in China. It is simply unacceptable for the tartan for Scottish kilts to be sourced from Shanghai or any place in eastern Europe, as my hon. Friend the Member for Dundee, West (Mr. McGovern) suggests.

Mr. Ingram: I do not know whether that was a question. There were a number of bidders for the contract to which my hon. Friend refers and, from memory, they all outsourced outside the United Kingdom for the material and its manufacturing. Indeed, the company that previously had responsibility for the manufacture of the uniform in question—it was one of the two main competitors in the bid—was also seeking to outsource in China.

Housing

5. **Mrs. Nadine Dorries** (Mid-Bedfordshire) (Con): If he will make a statement on the housing needs of former servicemen and women and their families. [60960]

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): We recognise that many service personnel and their families need assistance with, and advice on, housing matters. Through the Joint Service Housing Advice Office, we provide comprehensive advice on housing options and, in some cases, assistance with housing placement where personnel are about to return to civilian life. In addition, we work closely with the Office of the Deputy Prime Minister, ex-service charities and other specialist services to help identify those who might be at risk of homelessness.

Mrs. Dorries: The situation that servicemen and women find themselves in before discharge has been highlighted by my serving constituent, Mr. Nick Cowan. Housing associations are able to step in only when such people are officially declared homeless—28 days before discharge—and charities are left to pick up the pieces. The JSHAO to which the Minister just referred provides only advice, not, as he stated, assistance. Is this the way to repay loyal servicemen and women?

Mr. Touhig: I am of course familiar with the case that the hon. Lady mentions; she has corresponded with me about it and I have answered some of her questions. I do not doubt her commitment to her constituent and the hard work that she has done on this issue, but I suggest that she look at her website, on which she says that one of her priorities is opposing the Government's "damaging" house building plans. Well, we have to have houses to house people in the first place; nevertheless, she makes an important point. *[Interruption.]* If the hon. Lady will listen, I will give an answer. We have been working across the board to try to deal with these issues but, as she knows, questions of housing priority are often a matter for local housing authorities. The council in the area represented by my right hon. Friend the Minister of State gives housing priority to those who have served in the armed forces, and I urge councils throughout the country to think on that.

Mr. Mark Harper (Forest of Dean) (Con): When a member of the armed forces is discharged and is looking for a roof over their head, they are at a disadvantage in gaining access to social housing. No matter how long they have been based in a particular area, their residence does not establish a local connection in the eyes of many councils, although there are honourable exceptions. Effectively, such people are treated in the same way as those who are resident in prisons. Why, in the light of the Minister's concerns, have Ministers from the Ministry of Defence and the Office of the Deputy Prime Minister not met to discuss the local housing connection?

Mr. Touhig: I can tell the hon. Gentleman that we have ongoing discussions with the Office of the Deputy Prime Minister so that we can overcome some of the problems, but as I pointed out a moment ago the allocation of priority housing is a matter for local housing authorities. When I was a young councillor in my 20s, my council gave priority housing to key workers and those who had served in our forces. We understand the problems experienced by those who have served in our forces as they move into civilian life and we do everything possible to make sure that the transition is smooth. We give every support that we possibly can, but often people want to be housed in an area to which the local authority feels that they have no particular links or

connection so they do not receive priority. We shall do all that we can to bring the matter to the attention of the Local Government Association and others. At present, the LGA is run by a member of the hon. Gentleman's party, so he might care to make representations to the association to urge local authorities across Britain to give priority to our ex-servicemen and women who apply for housing.

Afghanistan

6. **Miss Anne McIntosh** (Vale of York) (Con): If he will make a statement on the deployment of troops to Afghanistan. [60961]

The Secretary of State for Defence (John Reid): I offer my condolences to the family and friends of Corporal Mark Cridge who died last week in Afghanistan. I have today learned of another fatality in Afghanistan, believed to be a road traffic accident and my thoughts are also with his family and friends—as, I am sure, are the thoughts of the whole House.

We are in Afghanistan under United Nations Security Council resolution 1623 and at the invitation of the democratically elected Government to prevent that country from ever again reverting to being a haven for terrorists, by helping the Afghan people build their own democracy, security and legitimate economy.

Miss McIntosh: I join the Secretary of State in expressing my condolences to the bereaved and their loved ones.

Does the Secretary of State agree that the developments pose further questions about the security of the theatre where UK service personnel are based? Why did he write to me on 27 February to tell me that no one was being deployed from the Vale of York, yet I have learned subsequently that 215 personnel from one base in the Vale of York are going to Afghanistan and that a number from another base who were supposed to go there are being redirected to Iraq? Does not that pose serious questions about the Ministry of Defence's knowledge of what is going on and who is currently being deployed to Afghanistan?

John Reid: First, I thank the hon. Lady for her shared condolences for Corporal Cridge and his family and the family of the second deceased to whom I referred.

We are in Afghanistan for a clear reason: to assist the people of Afghanistan to build their own democracy, security and economy, thereby preventing the country from falling back under the heel of the Taliban and the terrorists, since it was from there that the worst-ever terrorist atrocity was launched. I fully accept that it is more dangerous in the south than anywhere else where we have been present hitherto, but whatever the dangers, they are less than the danger of the Taliban and the terrorists taking over Afghanistan again, which would be a danger to not only our forces but the people of that country.

I apologise if I have given the hon. Lady wrong information and will check immediately after Question Time and write to her again. From memory, I am not aware of the specific details of the letter, but I shall check the position and rectify it as necessary.

Mr. James Arbuthnot (North-East Hampshire) (Con): As the Secretary of State has told the Select Committee on Defence, if British troops in Afghanistan take people into detention, it is the Government's policy that they be handed over to the Afghan authorities. Is it the Secretary of State's understanding that the United Kingdom maintains a duty of care for such people even after they have been handed to the Afghan authorities?

John Reid: Obviously, the British authorities' duty of care is primarily while people are in their custody, which is, as the right hon. Gentleman said, for only a limited period. I think that we can detain someone for up to 96 hours before handing them over to the Afghan authorities, which now operate under the sovereignty of a democratically elected Government who bear prime responsibility for the custody of such detainees—as any Government must.

Adam Price (Carmarthen, East and Dinefwr) (PC): Yesterday, the international security think-tank the Senlis Council reported that millions of pounds of compensation promised by British officials to farmers in the Helmand province has not been paid. Some 400 cheques, drawn on a British Government account, have even bounced because of insufficient funds. Does the Secretary of State accept that the resultant damage to good will in the province will make the British deployment in Afghanistan even more difficult and dangerous than it could have been?

John Reid: What I do accept is that if part of the building of a legitimate economy is the interdiction of an illegitimate economy—the production of opium and narcotics—it must be accompanied by some alternative income and livelihood for the farmers. What I do not necessarily accept are the views of the group to which the hon. Gentleman referred. As he will know, it campaigns for the legitimising of the production of opium and drugs on the grounds that they could be used for medicinal purposes. We have considered that, but we do not believe that it is viable in the present situation in Afghanistan. More importantly, the Government of Afghanistan do not believe that that is viable. We must be a little careful about accepting the assertions of people who have an agenda to promote. They are entitled to promote it, but we are entitled to regard it as incompatible in the present situation.

Mr. Gerald Howarth (Aldershot) (Con): May I first associate the Opposition with the remarks made by the Secretary of State following the further loss of life, albeit not as a result of conflict? It nevertheless illustrates the risks facing our armed forces and the courage with which they are undertaking the missions that we ask of them.

Does the Secretary of State believe that the two strategic aims of suppressing the insurgents and seeking simultaneously to eliminate the poppy supply in Helmand province are compatible, or does he share my concern about the grave risk of creating an unholy alliance between the Taliban, the warlords and the poppy farmers? If the latter's livelihoods are destroyed, they may vent their spleen not only on Afghan forces but on British troops acting in their support.

John Reid: I thank the hon. Gentleman for his condolences. The strategic aim of the international security assistance force is not to suppress the insurgents and eliminate the poppy trade. That is the strategic aim of Operation Enduring Freedom, which is the American-led exercise to chase the terrorists and the insurgents. The strategic aim of ISAF is to provide the security umbrella within which the Afghan Government can extend their control, the security forces to protect that democratic control can be built up and the economy can be built up. It is in the course of that that we have to tackle the drugs trade.

I agree with the hon. Gentleman wholeheartedly that in doing that latter task, it is necessary to ensure that if the farmers are, to a greater or lesser extent, dependent on income from narcotics—let us remember that they are Afghan farmers and have nowhere else to go—it would be unwise to remove that income without a replacement income in the short term and a replacement livelihood in the longer term. We would then create not stability, but insurgency. I therefore agree with the hon. Gentleman that that is a very important task in the pursuit of our strategic objectives.

Cadet Forces

7. **Ms Diana R. Johnson** (Kingston upon Hull, North) (Lab): What steps his Department is taking to support the cadet forces. [60962]

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): The Ministry of Defence provides direct funding of approximately £95 million a year to allow the cadet forces to offer a vast range of personal development and educational opportunities for young people and, with their nationwide reach, act as a genuine force for good, both for the youngsters who join and the communities in which they are based. In addition, the armed forces support the cadet forces with a significant benefit in kind in the form of training facilities, matériel and some manpower resources.

Ms Johnson: Given the success of project outreach, does my hon. Friend agree that even more encouragement of young people to engage with cadet projects would not only benefit the young people but would fit very well into the Government's respect agenda?

Mr. Touhig: I certainly endorse the point that my hon. Friend makes. Indeed, just a week or so ago, on 19 March, I had the opportunity to visit an outreach project at Sennybridge. It was a dry and beautiful day. *[Interruption.]* I should add that there was no rain in the Brecon Beacons on that day, given comments made by Opposition Members. The programme is run by the Army cadet force. It is a project that helps youngsters build confidence and raise self-esteem, and it offers them a positive purpose. Many of them who come from disadvantaged backgrounds certainly benefit from it. Those values are part of the Government's respect agenda, which we can all endorse. I pay tribute to those people whom I saw that day. They work very hard with those youngsters, some of whom come from difficult backgrounds who saw the programme as a second chance—perhaps their only chance—and I pay tribute to those who work in project outreach: it is a great success.

Mr. Owen Paterson (North Shropshire) (Con): As president of the Ellesmere cadets, I wholeheartedly support the cadets and their expansion into state schools—something that the Chancellor said in February he wanted to take place. How and when will that happen, and who will pay?

Mr. Touhig: The hon. Gentleman refers to one of the most exciting developments in the cadet forces at present. There have been discussions between my Department and officials at the Department for Education and Skills for some time, and we have now extended those discussions to include the Treasury. We hope to announce a series of pilot schemes across the country that will extend the combined cadet force into state schools. We hope that some of the funding will come from the private sector and some from the Government. We have to resolve a number of key issues. Obviously, funding is one of them. We need to identify the schools and ensure that there is appropriate support for the project. We need to ensure that we have enough people to train and take part in those schemes, but we are working very hard, and I hope that, before too long, my right hon. Friend the Secretary of State for Defence will be able to make a further announcement on the issue.

Mr. Brian Jenkins (Tamworth) (Lab): I have in my constituency TS Fort Grange, with 66 youngsters on the books and a waiting list—of course, the RAF and the Army have a similar story—but does my hon. Friend recognise that the biggest stumbling block that cadet forces come up against relates to adult civilian volunteers? How can we hope to expand the scheme, which I would love to expand, if we cannot find ways to encourage more adults to help those youngsters in a very important part of their development?

Mr. Touhig: My hon. Friend makes an important point. We now have 3,300 units across the country, with 130,000 cadets and 23,000 adult volunteers, but I am sure that hon. Members on both sides of the House recognise the fact that the success of the whole cadet movement is dependent on the ability to attract and retain sufficient adult instructors who are willing to take part. As part of the work that we are now undertaking with the Department for Education and Skills and the Treasury, we hope to address this matter so that we can take forward the agenda. We recognise the difficulties and shortfalls, and it is a major objective of ours to try to correct them.

Bob Russell (Colchester) (LD): How much of the funding that the Minister mentioned goes to the sea cadets?

Mr. Touhig: I cannot give the hon. Gentleman the precise figures to break down the £95 million that we give to our cadet forces. I am conscious of the various ways in which we raise funding for the cadet forces. That is somewhat haphazard and we should look at it. I am exploring one or two ideas of my own, and perhaps we

can consider better longer-term funding by which the cadet forces might be able to apply to a trust of some sort, so that we could ensure that they have a proper stream of funding. I do not underestimate the great work done by the cadet forces—I pay tribute to them for it—and I am conscious of the fact that we have a responsibility to ensure that they are properly funded. I am actively looking at ways to try to improve that.

Mr. Deputy Speaker (Sir Alan Haselhurst): I call Sharon Hodgson. I call Mr. David Crausby.

Mr. David Crausby (Bolton, North-East) (Lab) *rose—*

Mr. Deputy Speaker: Order. I am getting ahead of myself. I call Edward Miliband.

Veterans Challenge Fund

8. **Edward Miliband** (Doncaster, North) (Lab): What projects the veterans challenge fund has supported in the last 12 months. [60963]

Mr. Touhig: Thank you, Mr. Deputy Speaker, for keeping on track.

The veterans challenge fund offers £750,000 each year to pump-prime projects that support our veterans strategy. During the past 12 months, the fund has provided funding for a number of projects, including a study by Manchester university into suicide among veterans, support to the project that seeks to find employment for homeless veterans and advice for those who seek to work with veterans in prison.

Edward Miliband: I thank my hon. Friend for that answer. Does he agree that the veterans challenge fund can play an important role in helping excellent organisations, such as the Dunscroft branch of the Royal British Legion in my constituency, at whose annual dinner I am speaking, as part of the veterans day celebrations? Does he further agree that all hon. Members have a responsibility to help to promote take-up and awareness of the veterans challenge fund, so that our most vulnerable veterans can get the support that they deserve?

Mr. Touhig: I am in the happy position of being a Minister who has money to give away. I want to make sure that more and more veterans organisations apply for funding from the challenge fund. Indeed, I spoke at the veterans forum only last week and urged more organisations to apply. I hope that Members on both sides of the House will recognise the important contribution that the challenge fund makes. There are funds available and I urge Members to look for opportunities for organisations that support the veterans agenda in their constituencies to bid for funding. The number to ring is 0800 1692277 or they can write directly to me and I will give them the address.

Tony Baldry (Banbury) (Con): I am genuinely confused about why that work cannot be done through the Royal British Legion. Will the Minister explain the difference between veterans day and Armistice Sunday? These veterans initiatives are all extremely worth while, but there is scope for some confusion. In a constituency such as mine, it is quite difficult and challenging to find sufficient volunteers to collect for poppy day. There may well be some scope for distraction if we have too many initiatives, rather than concentrating on those that are well established.

Mr. Touhig: We may be a bit ahead of ourselves: the next question is about veterans day. However, I will respond to the hon. Gentleman's point. We are determined that the 11 November commemoration should remain the national commemoration when the country comes together to remember those who gave their lives for the forces in defence of our freedom and way of life. We in no way wish to take from that important and historic event the solemnity that the whole country places on it and we pay tribute to the work done by the Royal British Legion in helping to promote and organise that event, and in particular in promoting poppy day. The purpose of veterans day follows on from last year's successful veterans awareness week. We wanted to set aside a day every year—we have chosen 27 June—on which the whole country can commemorate veterans and celebrate with veterans. That is more a day of celebration and of paying tribute to those who have given a great deal in support and defence of our country. It is quite clearly different from the 11 November memorial and that is how we want to keep it.

Mr. Deputy Speaker: At the risk of repeating myself, I call Mrs. Sharon Hodgson.

Veterans Day

9. **Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): What progress the Government have made with their plans to mark veterans day. [60964]

13. **Mr. David Crausby** (Bolton, North-East) (Lab): What progress the Government have made with their plans to mark veterans day. [60969]

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): The Government's decision to institute an annual veterans day on 27 June provides a major new opportunity to celebrate the enormous contribution that veterans have made to our country. Plans are progressing well for a London event, linked with the celebrations of the 150th anniversary of the institution of the Victoria cross, which will pick up on the qualities of supreme courage shown by those who are awarded that medal. I am also encouraging the involvement of school children, veterans and other members of the public right across the country so that we make this a truly national celebration of the contribution that veterans have made to life in our country.

Mrs. Hodgson: What role can hon. Members play in encouraging their constituents to mark that important day?

Mr. Touhig: I hope that colleagues on both sides of the House will take the opportunity to talk to veterans organisations in their constituencies and to their local authorities and others so that we can organise all sorts

of events to commemorate veterans day. It is important that we recognise that veterans come in all ages, shapes and sizes. In Newcastle recently, when I did a radio interview about the advertising campaign that we were launching for the Veterans Agency, it was put to me that veterans are generally people who fought in the last war, but I was alongside a veteran who was in her 30s and had two young children. Veterans come in all ages, shapes and sizes and have made a huge contribution to our country. I hope that veterans day this year will raise awareness across the country that a veteran is someone who has served in our armed forces. Some 23,000 people leave our armed forces every year and they should be honoured as veterans as much as anybody else.

Mr. Crausby: I thank my hon. Friend for that reply. Is he aware that Bolton United Services Veterans Association was formed 100 years ago, in 1906, to provide welfare and comfort to servicemen who suffered in the Boer war? It continues to do a fantastic job to this very day. Will he see whether he can provide any additional help to it in celebrating its centenary?

Mr. Touhig: Yes, of course I will. Indeed, I invite colleagues on both sides of the House to come forward with ideas. If we are able to provide support and encouragement, and even help to look for some funding, we will certainly do that. We want the day to be an annual commemoration and celebration of veterans. I pay tribute to the organisation to which my hon. Friend refers. If he would like to get in touch with me directly, I will do everything I can to help the commemorations and celebrations in his constituency.

Sir Patrick Cormack (South Staffordshire) (Con): Is veterans day going to be a public holiday; and if not, why not?

Mr. Touhig: I had to answer such a question about St. David's day when I was a Wales Minister. It is a problem, but there are no plans to make veterans day a public holiday. However, I would say that we see this as a process, not an event. We think that the day will evolve year after year. We will stick to commemorating and celebrating veterans on 27 June, and I have no doubt that in time there will be a great many events throughout the country that will lead us to celebrate and cherish what our veterans have done. Who knows? At some time in the future the hon. Gentleman's point might well be on the agenda, but it is not at present.

Dr. Julian Lewis (New Forest, East) (Con): May I express a degree of surprise and puzzlement about the origins of veterans day? Does the Minister accept that the Government have received strong support from the Opposition for a whole raft of commemoration events, whether they be for the battle of the Atlantic, or the end of world war two—VE-day and VJ-day? Can he honestly say that the Chancellor of the Exchequer had serious discussions with the Ministry of Defence and the Veterans Agency before making the announcement? The Chancellor did not seem to be aware that there was already an archive of veterans' memories when he talked of children going round with tape recorders recording them—as the Minister knows, the Imperial War museum does that very well. Did the Chancellor realise that, in America, veterans day is the same as Armistice day, and does the Minister accept that veterans day could, to some extent, undermine Armistice day in this country?

Mr. Touhig: On the last point, I do not. As I said earlier, I am very keen that we hold 11 November in a special place in the hearts of the whole country as a day on which we solemnly remember those who made a sacrifice for our country to defend the freedoms that we enjoy today. Veterans day is meant as a celebration for veterans of all ages who have served our country at all times in the past.

I can tell the hon. Gentleman that I welcome the support of the Opposition—all parties in the House—for the various decisions and acts that we have taken to commemorate and celebrate veterans. However, when my right hon. Friend the Secretary of State for Defence launched veterans awareness week last year, he made it quite clear that it would not be a one-off event and that we would have ongoing events. We have concluded—this was the reason for his announcement—that we will have a veterans day this year. We think that 27 June is the appropriate time of year to hold it for various reasons, such as the fact that it is away from 11 November and the time at which we celebrate Her Majesty's official birthday. I hope that everyone will see the day as a significant move forward to recognise our veterans' contributions, support it and do all that they can to make it a success.

Educational Qualifications

11. **Mr. Pat McFadden** (Wolverhampton, South-East) (Lab): How many members of the armed forces gained a recognised educational qualification in the last 12 months. [60966]

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): The armed forces provide opportunities to gain recognised qualifications through the accreditation of military education and training programmes and attendance on full-time courses. In the first six months of the financial year, some 13,000 qualifications were achieved, ranging from apprenticeships to post-graduate awards. In addition, approximately 13,500 level 1 awards in either literacy or numeracy were achieved during 2005.

Mr. McFadden: I thank the Minister for his reply. I am sure that he agrees that education and training make an extremely important contribution to our armed forces. Does he agree that the combination of future defence training on a single site could offer huge educational benefits to the armed forces? Does he further agree that RAF Cosford in the west midlands—it is in the constituency of the hon. Member for The Wrekin (Mark Pritchard)—with its excellent transport links, the value-for-money bid behind it and its location in an existing network of excellent aerospace, engineering and technological skills, is the ideal place for such future combined defence training?

Mr. Touhig: I do not know why, but I thought that my hon. Friend would refer to the defence training review. It was at the back of my mind.

The defence training review programme is at an advanced stage. Bidders' proposals for both packages of training have been received and are being evaluated. All bidders understand the potential of Cosford and St. Athan, the other possible location. Naturally, this is a competitive phase. We will go through the process in an open and transparent way. A decision will be made at the appropriate time on the future of the defence training review. I acknowledge the importance of training, and the important contribution that defence training makes to our whole economy.

Mr. Philip Hollobone (Kettering) (Con): Is the Minister concerned that the increased speed of turnaround for overseas deployments is having an impact on educational opportunities, in particular for younger soldiers?

Mr. Touhig: No, I am not.

John Smith (Vale of Glamorgan) (Lab): Given the importance of educational achievement in the military, will my hon. Friend give a categorical assurance that no single service will unduly influence the evaluation process taking place for the defence training rationalisation programme and threaten to undermine the Government's policy of achieving a modern, flexible, agile and new system of training that is genuinely tri-service and based on one site?

Mr. Touhig: Let me make it clear that an extensive and robust evaluation process is in place to examine the bidders that seek to win the defence training review programme. The recommendation will come to me later than I had anticipated, and it is more likely that a decision will now be announced in October. However, I want to make it clear that that will be open and transparent. There is an independent evaluation at every stage of the operation, and I want everyone to be assured that the decision will be taken in the best interests of defence training and the best interests of Britain plc.

John Bercow (Buckingham) (Con): The Minister's reply to my hon. Friend the Member for Kettering (Mr. Hollobone) was insubstantial and unsatisfactory. The time between infantry deployments is three months shorter than the publicly stated target of the Ministry of Defence. That must have some impact. What quantitative or qualitative assessment has the hon. Gentleman made?

Mr. Touhig: The shortness of the answer does not in any way undermine its quality. I hope the hon. Gentleman accepts that. However, I will take his point on board and further consider his comments and those of the hon. Member for Kettering (Mr. Hollobone). If appropriate action is needed in terms of writing to them, I will certainly do that.

India

12. **Dr. Ashok Kumar** (Middlesbrough, South and East Cleveland) (Lab): If he will make a statement on co-operation with India on defence issues. [60967]

The Secretary of State for Defence (John Reid): In September 2004, the United Kingdom and India signed a joint declaration reaffirming the commitment to the comprehensive strategic partnership that exists between our two countries. Co-operation on defence and security issues forms an important aspect of this partnership, and we have excellent defence relations on a range of activities, including joint exercises, the co-production of defence equipment and high-level strategic dialogue.

Dr. Kumar: I thank the Secretary of State for that reply. I praise the Government for their efforts in building relations between Britain and India. Our relationship is the strongest it has ever been, certainly in all the years of my adult life. Given that the declaration was agreed nearly 18 months ago, what real progress has been made between us and India on defence co-operation?

John Reid: I thank my hon. Friend for his comments, which recognise the closeness of the relationship, not only because we have a strong bilateral link with our Indian colleagues, but because we fully recognise the strategic importance of India and its emergence as a great world power.

Our defence engagement with India is growing significantly. Last year, for instance, we held the first joint Army exercise, and we are now planning for joint naval and air exercises later this year. We have a number of other bilateral relations. On the industrial side, there has been a major contract for the Hawk jet trainer, and there are other aspects, too. We have also formed an excellent platform, through the purchase of the Hawk, for co-operating on other defence matters, such as the joint training of Indian pilots alongside their British counterparts at RAF Valley. Of course, we have strongly supported the US-Indian nuclear initiative from its inception. We are beginning to put a lot of flesh on the bones of our partnership.

Afghanistan

14. **David Wright** (Telford) (Lab): What discussions he has had with NATO and other allies on the deployment of British troops in Afghanistan. [60970]

The Secretary of State for Defence (John Reid): I have regular discussions with NATO and other allies regarding the deployment of forces into Afghanistan, including a recent informal meeting of NATO Defence Ministers at Taormina.

David Wright: Further to the Secretary of State's earlier reply about British forces in Afghanistan undertaking predominantly a policing role, will he tell the House what discussions he has had with neighbouring nations, and indeed NATO forces, about Afghanistan's fairly porous borders, where insurgents come across from other countries and then escape and evade capture? How does he ensure in those discussions that British troops on the ground are protected effectively?

John Reid: I would not accept the description of a policing role, although my hon. Friend is correct in that I did make the point that we are not in Afghanistan primarily to wage war or to search for and destroy terrorists. Rather, we are there to act as a protective military force, protecting not only ourselves but the Afghan Government and those working with them to build their economy, their democracy and their security.

There are two elements to our force protection. The first is our force configuration—including air mobile components and Apache helicopters deployed for the first time in action—which was specified by our chiefs as the necessary one to defend our forces. Secondly, we are of course not going into the south of Afghanistan alone: to the east of us will be about 2,500 Canadian troops; and to the north in Oruzgan province there will be 1,400 Dutch troops, several hundred Australians, and Estonians and troops from the Afghan national army. There are around 9,000 troops there, and although I do not for one moment belittle the difficulties and dangers of deployment to the south, I am satisfied that, subject always to preliminary operations of our forces on the ground and what they discover, we have the configuration necessary to protect our troops.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The Secretary of State has set out this afternoon three rather general aspirations that the deployment of our troops and NATO troops to Afghanistan is supposed to support—namely, promotion of democracy, economic infrastructure building and poppy eradication. Will he, perhaps by way of written answer, set out more detail on those three aspirations so that the House and the country at large can judge whether they have been achieved?

John Reid: On the first point, the House will accept that not only did my predecessor set out the origins of our intervention in Afghanistan but I made an oral statement clearly outlining those aspirations at the recent deployment of our troops to Afghanistan. Secondly, it is rather difficult to set out now what we have achieved there since we have hardly even got the troops there. A better time to do that would be after a period spent there.

RAF (Lift Capability)

17. **Mr. Nick Hurd** (Ruislip-Northwood) (Con): What assessment he has made of the lift capability of the Royal Air Force. [60973]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): We keep our air lift capability under review to ensure that we have access to sufficient capacity to support operations.

Mr. Hurd: I thank the Minister for that reply and remind him that on 26 January the Secretary of State confirmed to the House the "essential" role of both support and attack helicopters in our operations in Afghanistan. Will the Minister confirm the accuracy of reports in *The Mail on Sunday* this weekend suggesting that of 227 Lynx and Gazelle helicopters only 94 are fit for purpose and of use? If those reports are true, can the Minister explain how we have come to this sorry pass?

Mr. Ingram: Reluctant as I am to confirm anything in *The Mail on Sunday* because it is always hard to find anything that I would agree with in that newspaper, I can say that the report was based on a written answer that I gave—

Dr. Julian Lewis (New Forest, East) (Con): That is why it is unreliable.

Mr. Ingram: What I was going to say was that "fit for purpose" means that there are a number of helicopters that are just short of attaining that, and one has to look at fleet availability in the round. In terms of what is required, the capability will be there and it will be sustained. Let us be clear: the Apache attack helicopter, which is a very important force, will play its part in Afghanistan if it is called upon to do so.

Combat Identification

18. **Mr. David Kidney** (Stafford) (Lab): What steps his Department plans to take to improve combat identification. [60974]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The National Audit Office report on progress on combat identification published earlier this month identified a number of areas where we are pursuing improvements in combat identification, including working with international partners on compatible approaches and solutions; delivering new equipment capability; putting greater emphasis on human factors; improving data collection; and learning from operational and exercise experience. We shall continue to take that work forward to a conclusion.

Mr. Kidney: I thank my right hon. Friend for that answer. Is he aware that David Clarke was 19 when he died in Iraq three years ago last weekend? David's tank was hit by a shell fired by another British tank, but obviously that is not the only incident of so-called blue on blue during the conflict in Iraq. Does my right hon. Friend agree with my summary of the NAO report that the Ministry of Defence is doing the right work on combat identification and has the right plan of action for the future? However, the report advises the Department to undertake that work with much more urgency. Does he agree that it would be a fitting tribute to David and all the brave troops who have died in Iraq in such incidents if we completed that work quickly?

Mr. Ingram: I know that my hon. Friend takes a close interest in the matter, and I am only too aware of his constituent's age. The board of inquiry into the Challenger incident made recommendations in eight specific areas, including operational doctrine and training and procedures, and they have all been accepted and followed up.

It takes time to ensure that there is interoperability and compatibility between allies. If we develop new technical solutions to deal with the problem, we must ensure that they stand the test of time, are robust and meet specific needs. Anyone who understands the issue, as my hon. Friend does, knows that it is not just about technical solutions but about situational awareness and dealing with the human factor. Lessons on training and approach have had to be learned from the tragic incidents that have taken place, and they will clearly help us to improve in all those areas.

Iraq

19. **Mr. Laurence Robertson** (Tewkesbury) (Con): If he will make a statement on the safety of British soldiers in Iraq. [60976]

The Secretary of State for Defence (John Reid): I am deeply saddened by reports of a bomb at a United States-Iraqi facility near Mosul in Iraq. I understand that there are numerous casualties, although the situation is still developing. Such attacks not only identify the threat to our troops and those of the coalition but highlight the barbarism of terrorists who go to sickening lengths to prevent the progress of democracy and security in Iraq. We will not be cowed by the actions of the minority, nor will our troops. We will not leave under such threats, and we will stay in Iraq as long as the Iraqis need us. We will take all necessary measures to protect our own troops.

Mr. Robertson: I thank the Secretary of State for his reply, but the whole House will find it depressing. It has been said in Iraq at a senior level that if

"this is not civil war, then God knows what civil war is."

The Secretary of State disagreed with that comment, and he has access to far more information than I do. However, it is fair to say that the situation for our troops in Iraq is dangerous. Can he not give the House any further assurance than the answer that he has just given?

John Reid: First, on the question on the situation in Iraq, it was not me who denied that there was a civil war in Iraq but everyone to whom I spoke, including President Talabani, Prime Minister Ja'afari, the Foreign Minister, Defence Minister Delami, Al-Hakim, the head of the Supreme Council for the Islamic Revolution in Iraq, Tariq Al-Hashimi, the leader of the Sunni Iraqi Islamic party and, indeed, Ayad Allawi himself in private on the very day that he said something different in public. I have only conveyed the position presented to me by politicians from a range of backgrounds. Nevertheless, the point is not to argue about the definition of a conflict but to accept that as a result of deliberate provocation and the terrorists' intentional aim to provoke a civil war that is neither imminent nor inevitable there has been an increase in sectarian killings leading to a situation that no one can regard with complacency.

In that situation, as regards British troops and the area under our control, less than 3 per cent. of the terrorist attacks are carried out in our four provinces. Indeed, 14 out of the 18 provinces of Iraq are relatively unscathed by terrorist attacks. That is not to diminish the significance of the four areas where there are such difficult attacks. Today, again, we have seen some of the horrendous consequences of that. Finally, rather than be divided by the provocation of sectarian violence, the best thing the Iraqi politicians could do is what they are doing: come together in unity to form a Government of national unity. That should give heart to us all.

Dr. Liam Fox (Woodspring) (Con): Will the Secretary of State comment on reports about increasing Iranian involvement in anti-coalition activities, including the supply of improvised explosive devices, infiltration of the security forces, and the training of insurgents, all of which pose increased risks to British forces? Can he again assure the House that there will be no premature withdrawal of forces for domestic political reasons? If the answer to the question "Who won the Iraq war?" becomes "Iran", that would represent a catastrophic strategic failure.

John Reid: On the first point, I can do no better than repeat what I have said before about the linkage of the bombs that have in recent times been discovered in the south of Iraq. We believe that they are linked through Hezbollah to Iranian influence, though we have no concrete evidence that they are linked to the Iranian Government. The Iranian Government deny such linkage and we have made it plain that there should be no role for any country bordering Iraq other than to support the democratically elected Iraqi Government.

On the hon. Gentleman's second point, I can give an assurance, as I have done all along and did again today, that we will hand over to the Iraqis when the conditions on the ground permit. We will not stay one day longer than we are needed and wanted by them, but we will not leave one day too early against their wishes or under threat. The only thing that is achieved by continuing terrorist activities is to delay the day that the multinational forces withdraw, not to expedite it.

Rural Payments Agency

3.32 pm

Mr. James Paice (South-East Cambridgeshire) (Con) *(Urgent Question)*: To ask the Secretary of State for Environment, Food and Rural Affairs if she will make a statement on the Rural Payments Agency.

The Secretary of State for Environment, Food and Rural Affairs (Margaret Beckett): In my written statement to the House on 16 March, I told the House that the Rural Payments Agency had advised me for the first time on 14 March that it would no longer be possible to make the bulk of single payment scheme payments by 31 March, and that in the light of this unacceptable situation a new chief executive would be appointed. I fully understand and share the anxieties that these events will cause to the farming community, and deeply regret that this unacceptable situation has arisen.

I received an initial report from the acting chief executive, Mark Addison, on the situation at the RPA on 21 March. There are substantial problems facing the RPA in getting SPS payments out to farmers—much greater than had previously been reported to Ministers. As I know the House and the farming community would expect, speeding up those payments remains the overwhelming priority of Department for Environment, Food and Rural Affairs Ministers and of RPA staff. However, it remains essential that actions taken now in response to these problems are carefully considered but also sure-footed, to avoid making the problems still worse in the future.

Mr. Addison's report identified some initial steps to take, which should enable us to speed up payments without losing sight of the need to manage properly the disbursement of a large sum of public money. These are the initial steps that I have sanctioned: focusing resources in the RPA on making the 2005 payments as fast as is legally possible; removing disproportionate checks from the payment authorisations system to speed up the flow of payments once claims have been validated; prioritising work on the validation of claims to release the maximum value of payments as quickly as possible as opposed to the maximum number of claims, which is an action that will mainly benefit historical customers; centralising key mapping work at the most productive office, Reading; reviewing what further steps can be taken to simplify the process to allow decisions to be made later this week; strengthening the RPA's capacity in key areas; and changing the RPA's structure to streamline command and control.

The Minister with responsibility for sustainable farming and food—my noble Friend Lord Bach—and the RPA's acting chief executive have invited senior representatives of the industry to weekly meetings, the first of which took place on 22 March, so that close contact can be maintained. They will also urgently engage with the banks and other key stakeholders. The team at the RPA is central to the success of those steps. I am confident that with Mark Addison at the helm we have the right people in place for the job, and their work and commitment remain key to delivery. The staff of the RPA have worked with absolute dedication throughout, often in the face of considerable difficulties, and I know that the whole House hopes and expects that they will continue to do so.

Mr. Paice: I remind the House of my entry in the Register of Members' Interests, and I thank the Secretary of State for her answer. In a newspaper produced by the Department for Environment, Food and Rural Affairs that landed on the doorstep of every farmer in the country just six days ago, the headline stated, "Full payments on track for farmers". I hope that the Secretary of State is ashamed that that happened.

As the Secretary of State has rightly said, the first priority in this debacle is to get the money to the farmers who desperately need it. Tens of thousands of decent, hard-working family farmers were promised their payments, which in many cases cover up to one third of their income. In time they will need to stop relying on such payments to support their businesses, but this is the first year of painful transition. Will the Secretary of State tell us how many payments will now be made by the end of March? Exactly when will all the outstanding payments be completed? What is she doing about all the non-validated entitlements, and will she confirm that they will be paid on the same time scale? Will she consider making an interim payment for everyone who cannot receive the full amount by the end of March? That could be done manually, even if the computer cannot cope. The delays are costing the industry £10 million to £12 million a month. Will the Government repay the interest on any related loan until the RPA issues the payment? Will the Secretary of State seek a derogation from the EU to delay the 15 May deadline for next year's applications? The RPA should not be sending out next year's forms instead of last year's money.

We also need to know how the crisis arose. Given the continuing mapping problems and other issues, the crisis was obvious to us all, yet throughout those months the Government told us that we were scaremongering and that the targets would be met. In January Lord Bach told the Oxford farming conference that 96 per cent. of payments would be made by the end of March. In the same month, the Environment, Food and Rural Affairs Committee report stated:

> "The Committee is dismayed at the complacency of Defra Minister, Lord Bach, who refused to admit that any mistakes had been made or that anything could have been done differently to avoid the problems."

Lord Bach called that report "shoddy" and said:

> "I am deeply disappointed with the timing of this report which could create unfounded alarm and uncertainty in the farming community."

On 2 February the Secretary of State told this House that the 96 per cent. target would not be met. Three days later, Lord Bach told me in a letter that he still expected "the bulk of payments" to be made, although he went on to tell *Farmers Weekly* that "the bulk" meant more than 50 per cent. Just a month ago the Secretary of State told the National Farmers Union conference:

> "Having demonstrated last week that its systems are working as planned, the RPA is now in the process of authorizing payments".

That is some plan!

If Ministers were misled by the chief executive of the RPA it is right that he should go, but that does not absolve Ministers from this catalogue of incompetence

[Mr. Paice]

and ministerial denial. This House and the industry are entitled to an apology, because the chain of accountability reaches the top. It was the Secretary of State who decided, rightly, to introduce a complicated hybrid scheme, but then opened it up to 48,000 new applicants, with 360,000 new parcels of land that had not previously been receiving support. Then, to make it worse, she rammed it into place in the first year of the three-year window—and that is where the problem began. But even Germany and Denmark, which also have hybrid schemes, paid almost all their farmers months ago.

Sacking a civil servant is not the end of the matter. Ministers knew that there was a problem because they reduced the targets, but they appear to have done nothing until I challenged the Prime Minister two weeks ago. What questions were asked? How many Ministers actually went to the RPA to see what was happening? Did nobody have the gumption to ask why farmers were reporting so many problems? The Government's usual "blame somebody else" line will not wash. Lord Bach criticised others for saying what was abundantly clear to everybody, but he was wrong. A Minister who truly had his finger on the pulse of farming would have seen this coming and prevented it from happening. He has lost all credibility in the industry for which he is responsible, and he should go. This House and, more importantly, the farming industry deserve better.

Margaret Beckett: There are rather a large number of questions there, Mr. Deputy Speaker, but I will do my best to answer as many of them as I can— subject to your wish to make progress.

First, yes, I am embarrassed and dismayed by the issue of the newsletter to which the hon. Gentleman referred. There is no doubt that when it was produced we were on track, payments were being produced on the date that we had been told—20 February—and validations were being issued to farmers, just as had been foreseen. It was anticipated, and continually reported to Ministers, that once that process had begun it would be speedily ramped up. Of course, that was the part that was not fulfilled.

I cannot give the hon. Gentleman answers on time lines and dates at the moment, but I assure him that I will keep Front Benchers and the House as informed as I can with reliable information. I am sure that the whole House will recognise the strong wish of the new acting chief executive not to be pinned down to proposals for the future until he has more information, because he does not wish to repeat what he views as previous over-promise and underperformance. The hon. Gentleman will know, as will the House, that the payment window ends at the end of June 2006, but I cannot give him a pattern of payment between then and now.

The hon. Gentleman asked about non-validated interim payments. We are looking at that whole issue. We are not ruling out the potential for interim payments, but we are reluctant to make interim payments if there is any possibility of their jeopardising the time scale for making full payments. I think that the whole House will understand that, and understand, too, our wish to keep the rest of the scheme on track.

The hon. Gentleman said that the situation was obvious to all. I genuinely think that he was quite unjust to my noble Friend Lord Bach, who has spent not just hours but days working on this over many, many months. *[Interruption.]* I say to the hon. Gentleman, and to the House, that when the scheme was initially being considered and the arrangements were being put in place, a substantial contingency of time was of course built in to allow for any hiccups and difficulties. Over time, that contingency was gradually whittled away. My noble Friend has maintained the closest possible interest, and I, like him, continue to reject any charge that there was complacency on the part of Ministers. Ministers are dependent, as is everyone in the House, on the information that they are given and the confidence that they can place in it. *[Interruption.]* I simply repeat to the hon. Gentleman what the proposal to us was. We published this more than a year ago; I cannot now recall exactly when, but it was a long time ago. The proposal to us was that the first payments would begin to flow in the week of 20 February, and they did. It was after that that the scheme began to break down.

There were repeated challenges by Ministers, and repeated demands for harder information about the number of payments that had been made. As a result of those challenges and demands the chief executive conveyed to me, on the evening of Tuesday 15 March, that he could no longer say that the bulk of payments would be made by the end of March—although he continued to insist that 96 per cent. would be made in the payment window, by the end of June. That is why we took the steps that I outlined. We will continue to keep hon. Members and the industry as fully informed as possible, and I anticipate a further report on the situation later this week.

Chris Huhne (Eastleigh) (LD): The Secretary of State talks about using up margins of contingency, but surely there is no way of describing the matter other than as a botched introduction of the single farm payment scheme in England. That is worrying for many tens of thousands of farmers who rely on the payments for their cash flow, and for maintaining their obligations.

I have no doubt that there were problems at the Rural Payments Agency of which Ministers were not aware. There can be no other explanation for the extraordinary contrast between the assurances of the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for South Dorset (Jim Knight), at Question Time on 9 March and the sacking of the RPA chief executive only a week later. However, DEFRA Ministers must take their share of the blame.

First, Scotland and Wales have almost finished payments on the simpler historic basis, yet DEFRA Ministers decided to implement the more fancy scheme and they must surely bear responsibility. Do they accept that their decision to abandon the historic basis of payment has been a major cause of the difficulties in England in comparison with the relative success in Scotland and Wales?

Secondly, the new scheme could have been introduced with a delay, as happened in the Netherlands. Do Ministers accept that they made a mistake in trying to run before they could walk?

Thirdly, do Ministers accept that the scheme's implementation has been botched from the start, and that the evidence for that is not only in the delays that farmers are now suffering in the payments that they were promised but in the spiralling cost—from £18.1 million to £37. 4 million, as revealed by the Select Committee—of the IT system procured for the single farm payments?

The Secretary of State has given no assurances about the timing of the payments that are due. We must press her for assurances for farmers who expected the bulk of the payments to be made by the end of March about when they will be made. If she cannot give them, will Ministers authorise interim payments so that farm businesses can maintain their obligations to their suppliers and creditors? Will Ministers assure us that they have contacted the principal lending institutions to the farming community and accepted full responsibility for any delays in farmers' payments that may arise through DEFRA's broken promises?

Margaret Beckett: The hon. Gentleman drew on the experience of Scotland and Wales, and he is right to say that they have adopted a different system—although initially they made partial payments, and I am not certain whether Scotland is yet making full payments. Wales has begun to do that. However, those systems are not only different but involve a much smaller number of claimants. The hon. Gentleman described the scheme that we introduced in England as "more fancy"; a more accurate term would be "more sûstainable".

The hon. Gentleman spoke as if it would always be better to pursue the historic system. He is new to the portfolio and will not therefore have the subject at the front of his mind, but under the historic system, people continue, now and for the future, to be paid on the basis of what was received by someone farming the same land between 2000 and 2002. That appeared to be neither beneficial in driving farming forward to be receptive to the market, nor something with which taxpayers or farmers would be content for long. There are already rumblings in member states that have maintained the historic system about how unsatisfactory it is. This is not, therefore, a simple black-and-white question of why we did not do what it is claimed would be easier.

The hon. Gentleman made a further point, and I was not sure whether it was based on information from the Select Committee report. If it was, I regret that. There is a misunderstanding that the cost of the information technology system is somehow evidence of things going wrong. The RPA was already set to undergo a programme to provide it with new IT. That was the £18 million scheme that was initially intended to be put in place. However, that was agreed before the common agricultural policy reform proposals, which obviously resulted in the need not only for a new IT system but for one that would perform a different task. That is why there is a difference, and the two sums involved are not comparable. We are not talking about twice the money for the same scheme changes.

The hon. Gentleman also asked about interim payments. I can only repeat what I said earlier to the hon. Member for South-East Cambridgeshire (Mr. Paice), which is that we continue to keep that matter under review. I shall not be drawn into making forecasts, other than to draw attention to the scale of the payment window. The hon. Member for South-East Cambridgeshire referred to the speech that I made to the National Farmers Union annual conference, at which I said that payments had begun to flow on 20 February—as they had—and that I had been advised that, very shortly, some £350 million would already have flowed.

When I saw the chief executive of the RPA on the evening of 14 March, however, he told me that only about £60 million had been paid by that date. That was the first intimation that DEFRA Ministers had had that those were the figures involved. However, that sum was disbursed over about three and a half weeks. In the period since that date—just over a week of payment days—some £75 million has already been disbursed. That is obviously not enough, but it is certainly a big improvement on the previous figures.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I seek the help of the House. There are two ministerial statements to follow, in addition to the resumed Budget debate, and I would very much appreciate single brief questions and short answers.

Paddy Tipping (Sherwood) (Lab): The Secretary of State has made it clear that she regards the situation as unsatisfactory. Will she assure the House that the right approach is being taken in moving from production subsidies to payments for public goods? Is not the important thing now to ensure that farmers and landowners have a good idea of the new timetable for when payments will be made before June?

Margaret Beckett: My hon. Friend is entirely right to say that the key issue now is to give farmers as much certainty as we can. Nothing would be worse than to give them information that was less than reliable. I would also say to my hon. Friend, as I should have said to the hon. Member for Eastleigh (Chris Huhne) a moment ago, that we are in touch with the banks. They understand that the payment window runs until June, and they have hitherto given us no indication of any difficulties that they had not anticipated.

Mr. Michael Jack (Fylde) (Con): In the light of the fact that the Select Committee, which I have the honour of chairing, has twice warned of the potential failings of the RPA and its computer system, may I seek an assurance from the Secretary of State that all reasonable requests from my Committee for full disclosure of information about this debacle—this failure of communication between officials and Ministers—will be complied with in any subsequent inquiry that we might hold to try to unearth what has caused this complete mess?

Margaret Beckett: I can certainly give the right hon. Gentleman that assurance. He knows that I have sought to keep him, as well as those on the Opposition Front Benches, fully informed of developments as they have unfolded. Hon. Members may not realise that we had already planned a long-term review of the RPA, or that it was scheduled to begin as soon as the bulk of the payments had been disbursed. I have now announced that review formally, to make it public, and we shall proceed with it as fast as we can.

Dr. Gavin Strang (Edinburgh, East) (Lab): As has been said, Scottish farmers have already received their single farm payments. May I assure my right hon. Friend, however, that they derive no satisfaction whatever from the situation in England? They understand, as she does, how vital those payments are to the incomes of working farmers in England. Indeed, she has pointed out that failure to receive them could result in people being pushed above their bank borrowing limit. She has undertaken to keep the House informed of developments. Will she make a statement on the matter after the Easter recess?

Margaret Beckett: I do not rule that out; it will, of course, partly be a matter for the House.

Mr. David Curry (Skipton and Ripon) (Con): Is the Secretary of State aware that under the old integrated administration and control scheme introduced by the previous Government, each form was dealt with by a single official in a single payment centre? Is she aware that under the new system each form is divided into tasks, so it is not merely shuffled between officials but between centres—at the mercy of a failing computer system, which has managed to wipe off all the hill farm allowance payments for my constituency? Can we not revert to a system that gives the farmer accountability and the official efficiency, and liberates us from the tyranny of the computer?

Margaret Beckett: I always listen with great care to the right hon. Gentleman's observations, and frequently find great wisdom in them. I assure him that one of the reasons Ministers decided to commission a long-term review of the RPA—although we had not announced it—was our considerable concern that although there is no doubt that the organisation is customer-focused in that the staff care about their customers and are working hard and trying to do their best, its systems are not remotely customer-focused. That is one of the issues that I hope that we will address, perhaps even in the short term.

Helen Goodman (Bishop Auckland) (Lab): Obviously, the situation is most regrettable, and I am grateful to the Secretary of State for the measures that she has announced this afternoon. Will she consider paying interest or financing costs for farmers beyond the end of March, if those arise because of late payments?

Margaret Beckett: I cannot give that undertaking—although, as I said, we are keeping the whole position under review, not least because the official payment window runs until the end of June. Although I understand the concerns and anxieties of farmers, my hon. Friend will know that extensive discussions have been held with people's banks, more are due, and there has been more than a year's notice that there would be some delay and payment would be made later in the window.

Mr. Kenneth Clarke (Rushcliffe) (Con): Does the right hon. Lady agree that it might take a long time to recover from this managerial collapse and put the Rural Payments Agency on a sound footing? The most immediate problem is the hardship that will undoubtedly be suffered by many blameless farmers, who have no idea what they will do about the loss of this vital income over the next month or two? Does she accept that it is not good enough to say that interim payments will be kept under review? Her first priority must be to try to put in place some manual system that will get out interim payments as quickly as possible to people who will otherwise probably be forced to abandon their farms.

Margaret Beckett: I assure the House, and the right hon. and learned Gentleman, that that is being carefully considered. He will understand that there is no wish to do anything that will disrupt the likelihood of the majority of payments going out. I have instructed the acting chief executive that the large number of people who have an almost minuscule entitlement—on the whole, new claimants—should not be his priority. In so far as possible, he should perhaps worry slightly less about some of those for whom the level of the payment might not be a matter of immediate desperate concern. The whole focus of the RPA's attention should be on those who need the money, about whom the whole House is concerned.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): What steps are being taken to reduce the welfare dependency that seems to be exhibited by many farmers? Does she agree that we have not seen the Tories so excited for quite a long time, and that only when they are trying to get their snouts and those of their friends in the trough do we see them so motivated?

Margaret Beckett: My hon. Friend has long been a critic of the system of farm support in this country. I know of his concern for ordinary people facing difficulties, however, which he will extend to people in any circumstances. In the longer term, the purpose and effect of the overall reforms of the common agricultural policy introduced in 2003 will be to link farmers more closely to the market and, as my hon. Friend the Member for Sherwood (Paddy Tipping) said a few moments ago, to put public money in payment for public good—things that the market will not reward.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): I think that the right hon. Lady will know that the entitlement statements being sent out do not show the methods of calculation. That means that the individual farmer cannot check whether the final figure is right or wrong. Will the right hon. Lady please examine the position?

Margaret Beckett: Yes.

Mark Pritchard (The Wrekin) (Con): Will the Secretary of State agree to meet a delegation of farmers from Shropshire? Is she aware of the suffering that has been caused over many months by the Government's dithering, delay and incompetence?

Margaret Beckett: As I have said, regular meetings are scheduled with stakeholder representatives of the farming community. I hope the hon. Gentleman will understand, however, that the priority of Ministers and

officials is to concentrate all our efforts on making payments. Of course we will keep the House and all Members as well informed as we can, but getting the money out is the priority.

Sir Patrick Cormack (South Staffordshire) (Con): When the south Staffordshire farmers who were reassured by Lord Bach's Oxford speech talk to me of Crichel Down, and ask what has happened to the doctrine of ministerial responsibility, what do I tell them?

Margaret Beckett: The hon. Gentleman can tell them that a bold move was made in the 1980s: the setting up of such things as agencies, which are at one remove from Government and carry out executive tasks. It is an agency that is carrying out this work.

Mr. John Maples (Stratford-on-Avon) (Con): But the Secretary of State designed the scheme herself; she did not have to introduce it. She announced it more than a year ago. Now she is saying that it was not until 14 March that she was aware of how badly wrong it was going—although many of us had been writing to her for weeks telling her that exactly this was going to happen. If she thinks that her Minister has been doing a good job she had better get a grip on the issue personally, or the payments will not even be made by the end of June.

May I ask the Secretary of State specifically whether the Government will compensate farmers who have had to incur loans and pay interest because of the late payments? May I remind her how fast the Government are to extract interest from their debtors when they are late in paying their taxes?

Margaret Beckett: The hon. Gentleman is right to observe that Members were saying that the scheme was going badly wrong. Members were saying that payments would not begin on 20 February. They were saying that entitlement notices would not be sent out. *[Interruption.]* I am not sure whether those who are groaning attend agriculture questions very often.

Let me simply say to the hon. Gentleman that undoubtedly there were real concerns and anxieties, and that those were reflected at ministerial level. That is why the Minister in particular, and my officials, spent so much time working with the RPA. The fact is, however, that payments did begin when they were intended to, and notices did begin to go out when they were intended to. What did not happen was the dramatic ramping up of the speed of payments that was expected to follow. As late as 10 March, the RPA was still insisting to Ministers that more than 51 per cent. of payments would be made by the end of March, and 96 per cent. would be made by the end of June.

The issue of compensation has been raised before. I have already told the House that the payments window closes in June 2005—[HON. MEMBERS: "2006."] I am sorry, I meant 2006. Farmers are probably even more aware of that than Members. They know perfectly well that payments are made throughout the window; that is why the question of interest does not arise.

Mr. Keith Simpson (Mid-Norfolk) (Con): The Secretary of State has attempted to slough off any ministerial responsibility, but if she looks at the report of the debate in Committee on the statutory instrument that set up the Rural Payments Agency she will find that I—along with many others, including some of her hon. Friends—questioned whether the agency's computer system would be able to handle what was being proposed then, let alone now. Given that that was five years ago, and most of her Ministers are still in place, where does the buck stop?

Margaret Beckett: If that was five years ago, it was long before the negotiations on CAP reform, for a start. Once the decisions had been made about the form and nature of the scheme, Ministers and stakeholder representatives of the industry spent time with the RPA seeking information and assurances on whether it could indeed handle the scheme within the time frame. Those assurances were given, and given categorically—to the extent that stakeholder representatives and Ministers came back immensely reassured and full of confidence that the RPA could handle the issues.

That was the position at the start. It has to some extent been asserted that the Government were warned from the beginning that the RPA could not handle the scheme. No, we were not: the RPA gave every assurance that it could indeed handle it. As for whether Ministers take responsibility, I am taking responsibility, which is why I removed the chief executive.

Miss Anne McIntosh (Vale of York) (Con): I refer to my entry in the Register of Members' Interests. The Secretary of State will wish to apologise for the full answer given by the Minister with responsibility for farms, the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for South Dorset (Jim Knight), at Environment, Food and Rural Affairs questions on 9 March. He has apologised to me in person, but for the benefit of the House it should be placed on the record that his answer was incorrect and misleading in every particular. He said on 9 March that most of the payments had been made and that Scottish and Welsh farmers had been paid in full, when in fact no payments had been made to English farmers. Will the Secretary of State take this opportunity to show her awareness of, and willingness to take action on, two related issues? The market in England has been distorted, in that Scottish and Welsh farmers have the cash in hand to pay more for farm animals than English farmers can possibly pay. Secondly, tenant farmers are suffering particular hardship because they have no assets against which to borrow.

Margaret Beckett: It was graceful of the Under-Secretary, my hon. Friend the Member for South Dorset (Jim Knight), to say what he did to the hon. Lady—outside this Chamber, no doubt—but knowing her as I do, I am sure that she is not implying any wrongdoing on his part.

Miss McIntosh *indicated assent.*

Margaret Beckett: I am pleased to see that the hon. Lady is not. Obviously Ministers must give correct information to the House, but they can do so only if the information that they have is correct. When my hon. Friend the Under-Secretary spoke to the House, at that

[Margaret Beckett]

stage he had no cause to think that what he was saying was in any way incorrect. There is perhaps a slight misunderstanding about the position in Scotland and Wales. Obviously I do not have responsibility for payments there, but I think that the hon. Lady will find that not all payments have been made in full, although they are doubtless proceeding. I entirely take her point about tenant farmers, and I am mindful that they are likely to be the most vulnerable people. I can assure her that if there were a way to single them out, I would look for it; however, the best thing to do is to try to get everybody's payments out as fast as possible.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I have repeatedly asked the Secretary of State questions about this issue at Environment, Food and Rural Affairs questions, and I am not a bit surprised at the muddle that she finds herself in. Will she undertake to come to the House in a month's time to give us an update—and so that she does not have to eat further helpings of humble pie, will she guarantee that all valid claims will have been paid by then, or, if that it is not possible, that a substantial amount will have been paid on account? Finally, I should have declared my entry in the Register of Members' Interests before asking this question.

Margaret Beckett: The hon. Gentleman is right: Members did repeatedly ask such questions, and as has always been the practice in any Department of which I have been head, when Members ask awkward questions, Ministers do the same. The answers that Ministers gave to Members were those that Ministers got, no matter how hard they probed. The hon. Gentleman asked whether I would give the House an update in a month's time. I do not necessarily rule that out, but what I can say is that I will keep the House informed by whatever means exist as fully and speedily as I can. If I can give the House a quantified update in a month's time I will, and if I can do so earlier, I will.

Mr. Julian Brazier (Canterbury) (Con): Will the Secretary of State put back the deadline for the 2006 applications, or give a firm assurance that no farmer will be penalised for repeating an innocent mistake in his 2005 application, which, of course, he has had no opportunity to correct, not having had the result of that application?

Margaret Beckett: The hon. Gentleman makes an interesting and valid point and I undertake to look into it.

Mr. Philip Hollobone (Kettering) (Con): Farmers in my Kettering constituency are as concerned about this disgraceful situation as any other farmers in the country. By what date are farmers guaranteed to receive these payments?

Margaret Beckett: As I have repeatedly explained to the House, I am not in the business of giving Members guarantees that I cannot substantiate, but I do guarantee to keep the House informed. I can tell the hon. Gentleman that the payment window expires at the end of June, and it will be the earnest endeavour of everyone in my Department concerned with this issue to make the maximum number of payments as early as we can; we do not want to approach the payment window with payments still to make. But at the moment I cannot give the hon. Gentleman the firmer, clearer or more reliable answer that I know he wants.

Mr. John Greenway (Ryedale) (Con): I am grateful for what the right hon. Lady said in answer to my hon. Friend the Member for Kettering (Mr. Hollobone), but does she realise that not just farmers but the agricultural supply trade and many hauliers are also dependent on receipt of the payments? Does not she think it important that she gives a date by which, unless a substantial proportion of payments have been made, there will be interim payments? Many of those businesses simply cannot survive until 30 June.

Margaret Beckett: I am grateful to the hon. Gentleman for raising the issue that a wider community depends on farming. He is absolutely right, and we are extremely mindful of the pressures on those business. At this moment I cannot give him a date of the kind that he seeks, but I can certainly tell him that that is part of the consideration. When I told several hon. Members that we did not rule out making interim payments, that was one of the reasons why—so I can assure him that we shall keep the matter very much under review.

Mr. Peter Bone (Wellingborough) (Con): What would the Secretary of State say to Mr. Lonsdale, an elderly farmer in my constituency, who rang me this morning and said, "Without payments, I cannot pay my rent"?

Margaret Beckett: As I said a little while ago, we have been in touch with banks and with those who deal with the financial interests of the farming community, and so far they have told us that they do not anticipate a greater measure of difficulties than normally arise at about this time of year. They are mindful of the situation and will keep it in mind, but we are holding further talks with them to ensure that that continues to be the case.

Mr. Graham Stuart (Beverley and Holderness) (Con): Two of my farmer constituents, Messrs Caley and Leake, were refused any single farm payments because they were days late with their application. When they wrote to Lord Bach he replied that as they had failed to get their forms in on time they should properly receive nothing, and that was the price they should pay. What price will Ministers pay for failing to get payments to farmers throughout the country?

Margaret Beckett: I have already made it plain that Ministers are extremely concerned and dismayed about the position. The system is in the hands of the RPA and as the hon. Gentleman knows, the chief executive of the agency has been removed from his post.

European Council

4.12 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): With permission, Mr. Deputy Speaker, I should like to make a statement about the European Council that took place in Brussels last Thursday and Friday. As the House is aware, my right hon. Friend the Prime Minister normally makes the post-Council statement to the House. I have been asked to convey his apologies because he is on an official visit to Australia and New Zealand.

The Hampton Court informal summit in October during our presidency set the framework for the spring Council in Brussels. The economic challenges for many, though not all, member states of the Union are severe. Despite significant progress since the Lisbon agenda was launched, there are still about 20 million out of work in the EU. In some states, in contrast to the United Kingdom, unemployment is about 10 per cent. and almost one in five young people are without a job.

The British Government know that there is only one way to get Europe back to work and to deliver social justice in a global economy. We base that not on theory but on solid evidence. As my right hon. Friend the Chancellor of Exchequer pointed out in his Budget speech last Wednesday, in 1996 we had the lowest income per head of any of the G7 countries; today, we are second only to the United States. We have grown more quickly, created more jobs and provided more social benefits than most other member states. We have done so by liberalising markets, increasing our competitiveness and investing in the future, including in our public services. The European response to globalisation must emphatically not be a return to old-fashioned protectionism, whether by that or any other name.

Specific elements of the Hampton Court agenda were energy, research and development, and universities. The case for a more liberal energy market is overwhelming. Gas and electricity prices in the UK in the period between 1996 and 2004 fell much faster than they had done in EU states as a whole, which have kept their energy markets closed. Consumers in those countries will thus gain from a functioning internal market, but so too will consumers in this country. We currently do not have the access to gas that we would have in a more sensitised market. One of the first achievements of the Lisbon Agenda back in 2003 was the decision to liberalise energy markets by 2007. Last week, the European Council reaffirmed that timetable.

Completion of the internal market is one of four elements in a new approach to European energy policy. At the summit, we also agreed the programme relating to the other three areas, which are to intensify diversification of supply, to promote environmental sustainability and, by the next European Council, to develop a strategy for dealing with countries outside the EU. The Council asked the Commission to present a strategic energy review on a regular basis, starting in 2007.

On research and development, rising economies, such as China and India, are investing heavily in science and technology. The way for Europe to compete is to be ahead of them and to lead the knowledge economy, rather than protecting old and uncompetitive industries, so the summit agreed the establishment of a European Research Council. That body will be run by scientists and its purpose will be to promote excellence in European research. We expect universities and research communities in Britain to benefit.

Linked to research and development is the third area: increased investment in universities, where currently only two of the top 20 universities in the world are European—both, I should say, are in the United Kingdom. The European Union has to produce enough graduates of the right calibre and improve links between business and universities if we are to open up and prosper in new global markets.

In addition to the Hampton Court agenda, the British presidency had taken forward valuable work on better regulation and on the services directive. There was further progress on both those areas at the Council. The summit tasked the Commission to report by the end of this year on measurable EU targets for removing administrative burdens on business, particularly small and medium-sized enterprises, and to press ahead with the reforms undertaken during our presidency, including more simplification of existing EU legislation, further withdrawal of unnecessary or outdated legislation, and more effective use of impact assessments.

The summit also agreed a way ahead on the services directive. That directive will be of great assistance to British service companies and to opening Europe up properly to a single market in services. The current proposals are not everything that we wanted, but a year ago, some European leaders were declaring the directive dead and buried. It is not and it will represent a significant advance in the process of making Europe globally competitive.

It is customary that the spring Council concentrates largely on the economic agenda of the European Union. However, all member states shared a deep concern about the recent elections in Belarus and a declaration relating to those elections is attached to the conclusions. We agreed a statement that condemned the actions of the Belarusian authorities in arresting peaceful demonstrators early in the morning of Friday 24 March. We restated our view, based on the assessment by the Organisation for Security and Co-operation in Europe, that the elections were fundamentally flawed. The European Union is now deciding on the restrictive measures that it will take with respect to the Belarusian authorities. The statement makes it clear that President Lukashenko should not escape responsibility. The European Union applauds those who stood up for democracy against the odds and is determined to support civil society and the Belarusian people.

The situation in Belarus stands in stark contrast to the situation in Ukraine. The OSCE said that yesterday's elections there had

"enabled voters to make informed choices between distinct alternatives and to freely and fairly express their will"

and that they therefore

"further consolidated the breakthrough in the conduct of a democratic election process".

That is a testament to the remarkable progress made in Ukraine since the orange revolution of 2004.

[Mr. Jack Straw]

Finally, as I am on my feet on European business, the House will wish to be aware that earlier today I issued a written ministerial statement in respect of the successful conclusion of the Gibraltar constitutional reform negotiations on 17 March. The new constitution, which will be put before the people of Gibraltar in a referendum, strengthens the links between Gibraltar and the United Kingdom and thoroughly modernises the relationship between us, which I hope will be as welcome to the people of Gibraltar as it will to the people of the United Kingdom.

Last week's summit was a further step towards a more outward looking European Union that delivers concrete benefits to its citizens. There is still a long way to go. The British Government are in no doubt that Britain's best interests lie in a European Union that is open to the world, competitive and confident. We will continue to pursue that agenda vigorously.

Mr. William Hague (Richmond, Yorks) (Con): I warmly welcome the European Council's declaration on Belarus—in particular, the call to release those already detained—and we welcome the announcement that measures will be taken against those responsible in the regime. Can the Foreign Secretary tell us more about the measures being considered against Europe's last dictatorship? Does he agree that the free flow of information is a sure way to undermine tyranny? What more can be done to ensure that the people of Belarus are better able to learn what the outside world is really like and hear an alternative view to that of their Government?

I welcome the conclusion of talks with the Government of Gibraltar and the commitment to hold a referendum. Will the Foreign Secretary confirm whether all this means that his previous commitments to share sovereignty with Spain are now entirely null and void?

Can the Foreign Secretary tell us about some other important matters that were meant to be discussed in the margins of the Council? Will he confirm whether the Government are advocating a new round of talks between Iran, Britain, France, Germany, Russia and China? What would be the conditions for such talks? What approach to aid and funding will be taken by the EU if the Hamas-led Palestinian Authority does not the meet the criteria set by the Quartet?

On economic reform and the Lisbon agenda, does the Foreign Secretary agree that it is now clear that the EU is regrettably not on course to become the world's most dynamic and competitive economy by 2010 and, since the Prime Minister started to admit mistakes over the weekend, that it was a mistake for him to describe the Lisbon agenda six years ago in the House as a

"sea change in European economic thinking",

with

"concrete measures with clear deadlines"?—[*Official Report*, 27 March 2000; Vol. 347, c. 21]—

just as the Prime Minister now thinks that it was a mistake for him to take the concrete measure of setting a date for his own resignation, albeit without the clear deadline long favoured by the Chancellor of the Exchequer?

Will the Foreign Secretary acknowledge that the EU is now locked in a pattern of relative economic decline? Can he tell us why the Italian-led joint memorandum against protectionism did not go forward, whether the Government intended to sign such a memorandum and why the British Government did not press ahead with their own version? Does he not think that Britain can give a still stronger lead on such an important issue?

Is it not alarming that the figures hidden away in annexe 1 of the Council conclusions show that we are investing a smaller share of our national wealth in research and development than the Scandinavian countries, France, Germany or Belgium and that, far from closing the gap, Britain's R and D spending is falling?

Does the Foreign Secretary agree with the Chancellor that

"it is unacceptable that fifty per cent or more of regulations come from the European Union"?

Can the Foreign Secretary tell us what specific EU regulations the Chancellor has pressed to be cut or blocked and what representations the Foreign Secretary and the Prime Minister made in that direction at the summit?

As for targets to reduce the burdens on business, which were also talked about at the summit, is not a rise in the burden of regulation on business of £50 billion since 1997 a poor way to convince our partners that the Government believe in making business more competitive?

On the services directive, will the Foreign Secretary now state a clearer view by agreeing with me that the removal of the country of origin principle was a grave mistake and that we need a strong liberalising directive with the freedom to provide cross-border services in the Commission's modified proposal? Is not a free market in services one of the things that the EU was supposed to be about?

We welcome the emphasis in the conclusions on a real, liberalised single market in energy, with better co-operation between national energy regulators. Will the Foreign Secretary confirm that the proposal for a European energy regulator has been rejected? Does he agree that the Commission's priority must be to ensure that the associated single market rules are enforced? On powers to negotiate energy supply agreements with third parties, although increased co-operation may bring benefits in some areas, does he agree that member states must retain the right to make their own arrangements? I welcome the insistence in the conclusions that energy mix is for member states to decide, but can he tell us how the energy policy for Europe will affect the Government's domestic energy review?

The EU constitution was also discussed at the summit. Did Ministers make it plain to our partners that it is the Government's view, as the Foreign Secretary has often tactfully expressed it to the House, that the constitution is dead, so that others are not tempted to try to revive a deeply flawed idea that has already been rejected by two of the founding member states of the EU? Will the Foreign Secretary now admit another of the Government's mistakes? Their lack of leadership at the time let others put forward a constitution that the Government did not really want. Will he accept that, if

that mistake is not to be repeated, the Government must set out their view and their vision soon, and plainly, or others will again make the running?

Mr. Straw: Let me try to rattle through that long list of questions. On Belarus, the statement of conclusions spells out that the EU will consider restrictive measures against those responsible. I cannot anticipate precisely what will be decided, but there could be a range of measures, including travel bans and asset freezes. As the right hon. Gentleman said, it is a disgrace that Belarus remains a dictatorship—the last in Europe—and it cannot continue in that way.

On Gibraltar, both the joint statement between the Chief Minister of Gibraltar, Peter Caruana, QC, and myself—a copy of which will be in the Library—and my written ministerial statement make it clear that sovereignty remains British as long as the people of Gibraltar wish it to do so. Should they change their minds about that, which I do not anticipate for a second, the provisions of article 10 of the treaty of Utrecht would apply.

The right hon. Gentleman asked me about a new round of talks on Iran. There are in hand arrangements that we are trying to make for a meeting of the five permanent members of the UN Security Council and Germany later this week. Of course, I will inform the House once those arrangements are firm.

On aid and funding to Hamas, I have nothing further to add to what we discussed in First Order questions. The Quartet statement earlier in the year set out three principles that we expect Hamas to follow. At the same time—this is an issue for the whole House—we are wrestling with the need to ensure that the people of the occupied territories are not punished, by being deprived of humanitarian aid, for a vote that they freely and fairly exercised in elections that were regarded as free and fair. That is something that we have to work through.

On economic reform, the right hon. Gentleman asked me about the comment made by my right hon. Friend the Prime Minister at the time of Lisbon. As a matter of fact, I do think that Lisbon has involved a sea change in EU thinking. It is true that the sea is very large and rather thicker than the sea that we are used to and the tanker of the EU is so big that it takes some time to turn round. However, let us take the example of better regulation. Until two or three years ago, the European Commission was simply a machine for producing more and more regulation. The right hon. Gentleman asked me about conversations that I have had with commissioners and others. I have had endless conversations. When I first got this job, I tried to have conversations about ending gold-plating in the Foreign Office and doing the same in Brussels and it was as though I had said something indecent, but these days things are changing. Under Günter Verheugen, the commissioner with responsibility for better regulation, there has been a big change. Some 68 pending items of legislation have been withdrawn. There is a rolling programme to repeal, codify, recast or modify 228 further pieces of legislation and more than 1,400 related legal acts over the next three years, and much else besides.

On science, it is important to recognise that up until about 1997—I choose that date with care—the Government's record on investment in science was lamentable, but my recollection is that scientific investment has almost doubled since then. We will see the effect of that flowing through into research and development more widely.

On services, the right hon. Gentleman asked me about the country of origin. It has been replaced by the country of destination principle. Personally, having considered the matter pretty carefully, I am not sure that the country of origin principle was worth dying in a ditch for and I think there are advantages to the country of destination principle. There are no proposals for an EU energy regulator and no changes to the treaty base.

I was very tactful when I discussed our old friend the EU constitution with EU colleagues at a dinner on Thursday night. I repeated the comment that I made in the House a few weeks ago that it was, at best, in limbo. I drew attention to the fact that, at the time at which I said that, I understood that limbo could not take place until one was dead, but was not aware that His Holiness the Pope had abolished limbo in the meanwhile.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): May I take the Foreign Secretary back to what he said about the strategic energy review? Apparently it is said in Moscow that it is not so much remarkable that the EU enlarged eastwards, but that Gazprom enlarged westwards. Does he thus recognise that we must secure safety of supply and, in terms of the internal market, ensure that national cartels do not become European cartels and that there is a genuinely free market?

Mr. Straw: I agree with my hon. Friend on both those points. Ensuring a broader diversity of supply was one of the summit's key conclusions on energy. She is right about national cartels. It is curious that several member states have national energy companies that are highly protective of their own market, while being atavistic when it comes to the acquisition of other energy operators in other markets. That is unacceptable and, ultimately, not in the interests of the European Union.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): The House is united in its condemnation of the elections in Belarus, which were a travesty of democracy, in marked contrast to the experiences next door in Ukraine. The Foreign Secretary says that the matters being considered include travel bans, but exactly how watertight will they be, given the way in which people such as Mr. Mugabe have ignored or flouted similar efforts?

We welcome the summit's focus on research and development, universities, the gender pay gap and energy, but will the Foreign Secretary confirm that any future decisions on new nuclear power stations will remain a matter for the United Kingdom Government and not be passed off as somehow the responsibility of the European Union? Given the progress so far, how seriously does he take next year's deadline on energy market liberalisation, bearing in mind the rash of protectionism on the continent and the failures to date?

On Friday, the Foreign Secretary described the summit as workmanlike. Given the limited steps that were taken on energy, the watered-down services

[Mr. Michael Moore]

directive and the limited advances on the Lisbon agenda, was not the summit actually about missed opportunities, rather than any serious work in progress?

Mr. Straw: How watertight travel bans are partly depends on their exact terms, but I do not accept the hon. Gentleman's reservations about the travel bans on senior people in Zimbabwe. It is inevitable that the bans cannot prevent leaders of countries from travelling to the United Nations and other international meetings because that is required by international treaties to which all countries of the EU have signed up. We know from Zimbabwe that the bans have been both inconvenient to the leaders concerned and humiliating.

Future decisions on nuclear power stations will remain a matter for the United Kingdom Government. As I said, there has been no change—in the absence of a treaty change there could not be—to the basis for decisions in that respect. We wanted a decision about 2007 energy liberalisation in the conclusions to test, in a sense, whether European Heads of State and Government around the table were serious about that liberalisation, which is for consumers, not industrial users. It is my judgment that they are, although time will tell. Although sometimes we take three steps forward and two back, overall, including in countries with a protectionist past and present, the move is towards greater liberalisation because the benefits of that are perfectly plain to everyone.

On my remarks about the summit being workmanlike, I have always believed in litotes, rather than hyperbole, and 35 pages of conclusions sounds to me like being workmanlike.

Mr. Denis MacShane (Rotherham) (Lab): May I welcome the Foreign Secretary's words—and indeed, the shadow Foreign Secretary's words—on Belarus, although I would not be quite so sanguine about the election in Ukraine, where there has been a remarkable victory for old-style conservatives and oligarchs, which is always bad news anywhere in the world?

On Belarus and, to an extent, Ukraine, is not the problem that Europe does not know how to spread and promote democracy? Will the Foreign Secretary ask one of his bright young officials in the Foreign Office to produce a paper on creating a European foundation for democracy, roughly based on the way in which the Westminster Foundation for Democracy works? There are €140 million unspent in Brussels for democracy and human rights promotion. Both the Council and the Commission are not very good at that kind of work. I invite him to see whether Europe cannot be bolder and more original in promoting democracy in its near abroad.

Mr. Straw: I would pick my hon. Friend up on one thing. It does not automatically follow that just because old-style conservatives and oligarchs are elected, they have been elected undemocratically. Sometimes it is possible that the people want old-style conservatives and oligarchs. Indeed, that is the whole pitch of the Conservative party. I will follow up the request for a European foundation for democracy.

Mr. David Heathcoat-Amory (Wells) (Con): Six years ago, after the Lisbon summit, the Prime Minister specifically promised that Europe would move

"away from heavy-handed intervention and regulation, towards a new approach based on enterprise, innovation and competition."—[*Official Report*, 27 March 2000; Vol. 347, c. 21.].

However, those of us on the European Scrutiny Committee have noticed no reduction in the volume of legislation or in the appetite of the EU for more business regulations. Why should we believe the statement this time around? In particular, why does paragraph 61, announcing the better regulation initiative this time, specifically exempt the 97,000 pages of the existing rules and regulations, known as the acquis communautaire?

Mr. Straw: I know that the right hon. Gentleman is a member of the European Scrutiny Committee, but my perception, from a position of some scepticism about whether the EU is moving, is that there is a real process of change. I have given some figures indicating that. The Commission is starting work on the most heavily regulated sectors—cars, waste and constructions. Other sectors—foodstuffs, cosmetics, pharmaceuticals and services—will follow.

One example is the directive on registration, evaluation and authorisation of chemicals. Had it gone through six or seven years ago, it would have meant very heavy regulation, which would have seriously damaged the Europe-wide chemical industry. We managed to get it agreed under our presidency in a form that was acceptable to most people representing the chemical industry. My notes tell me that it led to the cost of the proposal being reduced by up to €660 million. There are other proposals, too, that are aimed at improving EU competitiveness. Things are changing.

On the right hon. Gentleman's last point, I have had no discussion with Commissioner Verheugen to suggest that he intends to avoid the existing acquis, and nor do we.

Keith Vaz (Leicester, East) (Lab): I pay tribute to the Foreign Secretary, the Prime Minister and the Minister for Europe for their work in pushing forward the economic reform agenda. In response to Opposition Members, let me say that Lisbon was different because it set out benchmarks for the first time. The Foreign Secretary will know that, according to the Centre for European Reform, Britain has done extremely well against those benchmarks. Is he confident, however, that our European partners have learned the lessons of the Kok report, because many of them are lagging well behind on them? May I also welcome the establishment of the European Research Council and offer Leicester or Blackburn as a possible home?

Mr. Straw: I cannot speak for Blackburn as Secretary of State and my hon. Friend cannot speak for Leicester as its Member of Parliament. I think that that means he speaks for Blackburn as a Member of the House, and I am very grateful to him. I will do my best to establish the ERC there.

On the Kok report, some member states have been more resistant than others to its very clear messages. I was going to say in response to the right hon. Member for Richmond, Yorks (Mr. Hague), who spoke about

economic growth and relative economic decline, that, underneath the EU averages, there is a wide variation in economic performance. That is an indicator of the policies that will work, which are basically those where there is greater liberalisation as well as good underlying investment, and those that will not work, where there is a high degree of protectionism and a lack of liberalisation in the markets.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Will the Foreign Secretary show greater urgency in pressing for diversification of gas supplies? Is he aware that some 50 per cent. of Europe's gas supplies come from only three countries—Russia, Algeria and Norway—and that that is going to increase to 80 per cent. over the next 20 years? Will he take into account the fact that, as 52 per cent. of Gazprom is owned by the Russian Government, any decision by Gazprom to withhold gas from Ukraine, Moldova or any other country must be deemed to have been taken on political, not business, grounds? Will he make it clear to his Russian colleagues that as long as that continues, Russia will not be seen as a reliable partner in energy matters?

Mr. Straw: The right hon. and learned Gentleman raises a very important issue. Our own gas supply is not nearly as vulnerable as that of Europe as a whole to just a handful of suppliers and Russian gas supplies are likely to account for only 5 per cent. of our supplies, compared with much higher dependency elsewhere in the European Union. However, I accept his overall point. Both the reliance on a few countries and the problems that arose between Russia and Ukraine and the rest of Europe are matters of concern. Energy security will dominate the G8 summit in St. Petersburg in the summer, and I know that my right hon. Friend the Prime Minister is very keen to secure real guarantees about energy security for the whole of Europe.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): Will my right hon. Friend say more about the discussions regarding the Palestinian Legislative Council? Does he agree that Hamas, by entering into the electoral process and joining the Palestinian Legislative Council, has implicitly accepted the Oslo peace route and we need to ensure that we cautiously encourage that development?

Mr. Straw: There was not, as I recall, discussion on the Palestinian situation in the summit itself. We discussed it earlier in the week, in the General Affairs and External Relations Council on Monday. We will get a better idea of Hamas's real intentions after the Arab League summit in Khartoum. If Hamas indicates that it supports, even tacitly, the proposals of the then Crown Prince Abdullah of Saudi Arabia in the Beirut declaration of three years ago, which was in favour of accepting the reality of Israel, there may be a basis for moving forward, but Hamas, as well as the European Union and the international community, has to make moves.

Mr. Bernard Jenkin (North Essex) (Con): Will the Foreign Secretary give the House a modest assurance on the future of the constitution? I believe that Ministers agreed that they would discuss that again in mid-April, whether in its present form or whatever aftermath they are proposing. Does he agree that the only basis for a referendum on the EU constitution was that it represented a fundamental change and that if any such change, or part of such change, were proposed at a future mini-intergovernmental conference, a referendum would be appropriate?

Mr. Straw: I am not going to anticipate a rather abstract possibility. I certainly agree that a referendum in respect of this constitution was appropriate. In the event, it has not proved necessary.

Kelvin Hopkins (Luton, North) (Lab): My right hon. Friend will recall that the earlier proposed draft directive on services was widely opposed by trade unionists across the EU and particularly strongly opposed by major trade unions in Britain. It is very pleasing that the country of origin principle has been removed, but is the new proposal any more acceptable to trade unionists? Will he consult the TUC and British trade unionists to get their view?

Mr. Straw: Yes, indeed, we shall consult British trade unionists and the European Trade Union Confederation. Speaking from memory, I think that the current proposals, which were for a country of destination rule rather than a country of origin rule, are significantly more acceptable to the trade unions. If that turns out to be inaccurate—I do not think that it is—I shall write to my hon. Friend.

Mr. William Cash (Stone) (Con): The Foreign Secretary, like the Chancellor of the Exchequer, said that the British economy compared favourably with economies in the eurozone. Does he accept that that is despite, not because of, his policies and those of other Governments in the past? In fact, economic and monetary union and the exchange rate mechanism must be repudiated, so will he take the opportunity expressly to repudiate those policies to ensure that we can continue to govern ourselves and, indeed, repeal European legislation, as I proposed, with the support of 45 Members of Parliament, when I suggested that we repeal future European legislation and parts of the acquis communautaire to reduce the burden on business?

Mr. Straw: I am sorry to disappoint the hon. Gentleman but, although he may not have spotted it, we did not join the euro, and I do not anticipate that we are likely to do so in the foreseeable future. [HON. MEMBERS: "Ah!"] In this case, that is a long time. In any event, if there were a recommendation that we join, it would have to pass, first, the famous five tests announced on 27 October 1997 by my right hon. Friend the Chancellor, and then a referendum. The hon. Gentleman can therefore remain calm.

On the more important point, the hon. Gentleman said that my claims about our economic progress had nothing to do with the Government. I am afraid that I disagree completely—it is to do with the Government. If, instead of advancing from the bottom of the G7 league table to second from top, we had gone the

[Mr. Straw]

other way, he would say that that was all the Government's fault, so we are entitled to claim the credit when we go the right way.

Mr. David Curry (Skipton and Ripon) (Con): What steps does the right hon. Gentleman intend to take to encourage the Commission to use its extensive powers to challenge the rising tide of protectionism among companies and states in the European Union?

Mr. Straw: We are doing a great deal. In fairness to President Barroso, he does not need much encouragement, as the Commission has made it clear that the rising tide of protectionism is against EU policy and law, and not remotely in the interests of the European Union. We must try to ensure that there is greater political consensus to challenge the rising tide of protectionism, which masquerades as economic patriotism.

Mr. Andrew Mackay (Bracknell) (Con): On Belarus, may I strongly commend the Foreign Secretary's robust objections to the behaviour of the authorities in Minsk at the weekend that resulted in innocent protesters being attacked and imprisoned? I urge him to be more hawkish and vigilant in the weeks ahead, because on many occasions we have heard that the European Union objects to a breach of human rights and promises action, but action is not taken. He will therefore understand why some of us are a little cynical.

Mr. Straw: I do understand that. On Belarus, the European Union's view is strong and united, and I think that we will see action.

Philip Davies (Shipley) (Con): The Foreign Secretary spoke proudly about the British sovereignty of Gibraltar, which is very welcome, but I am more concerned about the sovereignty of Britain. If he is winning the war against the over-centralising tendencies of the European Union, which powers are likely to be repatriated from the EU to this country? Many people here are sick to the back teeth of the majority of laws and rules in Britain being decided in Brussels, not Westminster.

Mr. Straw: To the extent that laws and orders are decided in Brussels, not Westminster, that is because treaties were signed, not under the present Government, but under the Government whom the hon. Gentleman himself supported until 1997. If he is proposing to the House and the country that we change those treaties, let him put that proposal to his party and the people, but I think that he will get short shrift from his Front-Bench team.

Mr. Peter Bone (Wellingborough) (Con): Since 1997, the British Government have been at the heart of Europe. Does the Foreign Secretary agree that, during those nine years, the other members of the EU have been thumbing their noses at the British Government, whether on budget contributions, common agricultural policy reform, energy reform or market liberalisation?

Mr. Straw: I am sorry to disagree with the hon. Gentleman, but the answer is no. The record also disproves his point. In that period, we have been at the heart of Europe. What is more, to take one profound change, Europe has expanded. There were 15 member states when we joined the EU. There are now 25 and soon there will be 27. That is a direct result of the policy led by my right hon. Friend the Prime Minister and by the Government as a whole. It would not have happened without my right hon. Friend's commitment and that alone is helping to change the whole climate and the economic policy of the EU.

Mr. Philip Hollobone (Kettering) (Con): Does the Foreign Secretary share my concern that the EU and its member states, particularly on the mainland of Europe, are not doing nearly enough to counter the vile trade of international human trafficking?

Mr. Straw: Yes, I do. That is all the more reason why EU Governments, with help from the Commission, must integrate and co-operate better in their efforts to deal with that vile trade, as the hon. Gentleman describes it.

Council Tax

4.51 pm

The Minister for Local Government (Mr. Phil Woolas): With permission, Madam Deputy Speaker, I would like to make a statement on council tax for 2006–07 and the action that the Government propose to take with regard to local authorities that have set excessive budgets. Figures released today show that, excluding the council tax element of the funding package for the 2012 Olympic games, the average council tax increase in England for 2006–07 is 4.2 per cent. With the council tax element of the Olympics, it is 4.5 per cent.

We have a mature working relationship with the Local Government Association. We have worked with the LGA to look at the pressures that councils face in the next two years, and how central and local government can manage those pressures. Under the settlement for 2006–07, which the House approved on 6 February, total support for local government, including specific grants, will rise by 4.5 per cent. compared with 2005–06. That includes an extra £305 million above previous plans. The provisional settlement for 2007–08 will provide an increase of a further 5 per cent., with £508 million above that previously planned. By introducing multi-year settlements, we are enabling authorities to plan ahead more effectively in budgeting for service delivery. We have now provided a framework for authorities to deliver effective local services over the next two years that takes account of the pressures that those authorities face.

By 2007–08, Government grant for local services will have increased by more than the rate of inflation for 10 years in succession. That represents an increase of 39 per cent. in real terms since 1997. It can be compared very favourably with a real-term reduction of 7 per cent. in the four years up to 1997. I also remind the House of the council tax support that the Government provide to those on low incomes. Indeed, 14 per cent. of total council tax is paid through council tax benefit. Nobody who is unable to pay is made to pay, and we are working to ensure that all who are eligible do claim the benefit.

Given our significant extra investment of grant, and the continuing scope for efficiency savings, we made it very clear again this year that we expected authorities to budget prudently. It was only with the greatest reluctance, following the 12.9 per cent. rise in council tax in 2003–04, that we first made use of our reserve capping powers. However, as we said in our 2005 election manifesto, we will use capping to protect council tax payers from excessive increases. There can be no doubt that the recent, more modest increases in council tax could not have occurred without the Government making judicious use of those powers.

When we announced the provisional settlement in December, we said that we expected the average increase in council tax in England to be less than 5 per cent. for each of the two years 2006–07 and 2007–08. I set that out in a letter to all authorities. Ministers later wrote to those authorities reported to be considering setting increases of more than 5 per cent. I also wrote jointly with my right hon. Friend the Minister for Policing, Security and Community Safety to all police authorities reaffirming the Government's expectations.

I am pleased to report that the overwhelming majority of authorities have responded positively to our messages. Most authorities fully recognise the need to minimise the demands that they place on council tax payers. Regrettably, however, a very small number of them have set excessive budget and council tax increases, and it is for that reason that I am making a statement to the House today about the action that we propose to take.

I should like to remind hon. Members of the provisions of the capping legislation set out in the Local Government Finance Act 1992, as amended by the Local Government Act 1999. In order to determine whether each authority's budgeted expenditure as defined in the legislation is excessive, we must compare the authority's budget requirement for 2006–07 with that of the previous year. The legislation also allows us to determine other principles, such as the level of increases in council tax.

This year, the increase in budget requirement for authorities providing education, police and fire services is measured using the alternative notional amounts given in the "The Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2006/07", which the House approved on 6 February. Alternative notional amounts are notional figures used for capping purposes to help give a like-for-like comparison of budget requirements between years.

Our view is that authorities' 2006–07 budgets are excessive if they show, first, an increase of more than 6 per cent. in budget requirement compared with 2005–06, and, secondly, if council tax has increased by more than 5 per cent. in the same period. As was the case in 2005–06, a single set of principles has been applied to all authorities.

Despite the principles being more stringent than in 2005–06, when authorities' budgets were judged excessive if they showed an increase of more than 6 per cent. in budget requirement compared with 2004–05 and if council tax had increased by more than 5.5 per cent, we are proposing to take action against only two unitary authorities this year, compared with 2004–05, when we took action against 14 authorities, and 2005–06, when we took action against nine authorities. The two authorities in question are Medway borough council and York city council, which have both set excessive budgets according to the principles that I have described. We are writing to those authorities today, informing them of our decision to designate them with a view to capping them in-year, and notifying them of the maximum budget that we propose to set for them.

The authorities have a statutory right to challenge the proposed caps, and they have 21 days in which to do so. If they want to challenge, we will carefully consider the information that we have required them to send us, along with any other representations they make, before we take final decisions. We will then either make an order, to be approved by this House, designating the authorities at the level of the proposed maximum budget or another level, or we will withdraw the designation and nominate them instead. Nomination would allow us either to set them notional budgets for 2006–07 for future capping comparisons or to cap them in advance for 2007–08.

[Mr. Phil Woolas]

Two shire districts, Aylesbury Vale district council and Wellingborough borough council have also breached the limits. However, as they have done so by very small amounts—only 12p and 9p respectively in terms of band D council tax—we are not proposing to take action against them. We have always made clear our reluctance to take capping action, because these are powers of last resort and we would prefer not to have to use them, but the public have a right to be protected from excessive council tax increases.

Under our wider localism agenda, we are giving local authorities more freedom over how they deliver services. However, that must be set within a framework of prudent financial management and value for money. The vast majority of authorities—99 per cent.—have responded well to our clear message for council tax in 2006–07, and no one would have been happier than me if the figure had been 100 per cent. However, we remain committed to taking action against those increases that we believe to be excessive.

Mr. Eric Pickles (Brentwood and Ongar) (Con): I thank the Minister for sending me an advance copy of his statement. That is much appreciated and entirely in line with the courtesy that we have come to expect from him. I also thank him for delivering it almost a month earlier than expected. I hope that that sets a precedent and that, in future, we can see statements in plenty of time for the local elections.

The Minister talked about the amount of extra resources that he claims to have put into local authorities. Can he put a figure on the extra burdens that have been placed on local authorities? That would be interesting to know.

The figures released represent an 84 per cent. increase in council tax in the period since Labour came to office. From 1997 to 2006, the average council tax on band D properties has soared to £1,268—the equivalent of £106 a month. It is a measure of how great is the council tax burden that the current increase is £4 short of being the fourth largest increase that this Government have made in the course of their massive increases in council tax. The current increase is £5 more than last year's increase. The Minister can talk in terms of percentages, but £54 is a lot for a hard-working family. As the Chancellor might say, in his own inimitable way, "We have had increases of £59, £50, £49, £54, £75, £126, £65, £47 and £54, making a total increase of £579 since Labour came to power"—although he would probably have rattled through it much more quickly. That represents a considerable burden on hard-working families.

But one section of the community faces increases of more than £54 on this year's bill—pensioners, who face an increase of £254. Where does the Minister seriously expect pensioners just above the benefit level to find an extra £254? Can he explain why the £200 pensioners' payment has mysteriously disappeared this year? Last year, when council tax had increased by £525 since 1997, the Government felt that pensioners needed extra protection. This year, it has increased by £579 since 1997, so why do they now feel that pensioners no longer require that protection? The House can only draw the conclusion that that money was a cynical election bribe.

I have heard the Minister express concern that council tax might be a tad regressive, but are not the current figures taking his case to the extreme? When a billionaire donor to the Labour party faces an increase of £54—perhaps a bit more in other bands—and a pensioner just above the benefit level faces an increase of £253-plus, is there no better indication of the true state of the Labour party? Aneurin Bevan and Keir Hardie must be turning in their graves. This is a complete sell-out of pensioners.

Not only did I get the statement in good time, but I have also had the benefit of the Minister's press release, courtesy of "Gallery News". In it, he makes the most extraordinary statement, which I note he did not repeat on the Floor of the House. For the benefit of colleagues, it says:

> "Labour councils are once again leading the way. Labour councils cost on average £190 less than Tory controlled councils and £96 less than Lib Dem councils."

What is the basis for those figures? Surely they are not the discredited figures that do not take account of the relative property values of traditional Labour and Conservative authorities. Surely they are not the discredited figures that rely on Labour authorities having a lower valuation than Conservative authorities. Surely they are not the figures that no one else uses because they fail to convey a fair picture. That marvellous set of accounts and such creative accountancy show that the Minister for Local Government is wasted in his job. He should be a fundraiser for the Labour party.

If we use the comparison on band D that the rest of the country and the House of Commons Library use, we realise that Conservative councils charge £81 a year less than Labour-controlled councils and £88 a year less than Liberal Democrat councils, despite the fact that Labour has fiddled the grant to give more money to its councils. As the independent Audit Commission put it,

> "grant redistribution . . . led to some councils putting up council tax more than others. We found a clear association between the size of grant increase a council received and their increase in council tax."

Yet Conservative councils still manage to charge lower council tax. The figures that the Minister produced are the clearest manifestation that Labour is in retreat and being pushed into its heartland.

The Minister made some announcements about capping. After last year's fiasco, when re-billing cost more than the money saved, he again targets minnows. Both authorities have increases in absolute terms that are below the average increase. The Minister appears to be blinded by percentages and to have forgotten that people pay in pound notes.

In Medway, a Conservative-controlled council, this year's increase is £50, which is a 5.5 per cent. increase. That is £4 less than the average council tax increase. In York, a Liberal Democrat-controlled council, this year's increase is £49 or 5.5 per cent. That is £5 less than the average. Yet the Minister does not seem to be obsessed by percentages when it comes to his friend—and the Standard Board's friend—Mr. Ken Livingstone. The Greater London authority's increase, before the addition of the Olympic precept, is 5.5 per cent.—exactly the same figure as Medway and York.

Medway and York are capped because they have introduced increases that are below the average. Let us contrast that with three other councils. Oldham's

increase for band D is £59, that of Hartlepool is £57 and that of North Tyneside is £55. What makes those increases acceptable to the Minister? Why is the highest band D council tax in the country levied in Sedgefield, at £1,490? It has a Labour district council, a Labour county council and, at least for now, a Labour Member of Parliament. Cannot the Minister speak to that spendthrift Member and try to ensure that people in Sedgefield get a fairer deal?

Every year, the council tax increases. Every year, despite fiddled figures and grant, and wishful figures provided by the Minister, Labour's tax burden increases and it digs itself further into a hole over council tax. In some parts of the country, Labour will face the consequences in May, but in most parts, the poor council tax payer must face those consequences.

Mr. Woolas: First, I thank the hon. Gentleman for his kind initial remarks. Let me deal with his points in the order that he raised them. On extra resources, we have a mature working relationship with the Local Government Association that allows us to make a serious analysis of the pressures that councils say that they face. I have made it clear that the new burdens principle will be implemented, but on the basis of net rather than gross new burdens, and on a shared understanding and analysis of those pressures.

We believe that the exercise leading up to the two-year settlement satisfied the Local Government Association's major recommendations, either by establishing self-funding regimes in the case of fees—particularly in regard to licensing—or by providing the extra resources that we were able to announce in the settlement. I notice that the hon. Gentleman did not welcome that extra money but, shucks, I guess I will just have to live with that.

The hon. Gentleman said that council tax had gone up by 84 per cent. I said in my statement that the 12.9 per cent. increase some years ago had been unacceptable. It is also true that significantly more resources had been given to local councils in that period. I also mentioned the 39 per cent. real-terms increase in Government support for local authorities.

The hon. Gentleman asked about the £200 assistance for pensioners, but he failed to mention two important points. One is that about 14 per cent. of council tax is now paid through council tax benefit, and that people on full pension credit pay no council tax at all. All right hon. and hon. Members would like to see 100 per cent. take-up of council tax benefit, and I would ask Conservative Members to join us in encouraging that take-up, as many Conservative-run local authorities already do. Secondly, the hon. Gentleman ignored the other help that pensioners receive.

The hon. Gentleman's fifth question was about billionaires. I feel that it is only right to ask him what is the Conservatives' actual policy on a property tax. I must remind the House that this property tax—the council tax—was introduced by the Conservatives, and we all remember the circumstances in which that happened—*[Interruption.]* Well, I have asked before in the House about their policy on a property tax. Do they have a commitment to a property tax or do they not? They introduced the eight bands in 1991. It would be perfectly possible for them to put a proposal to Sir Michael Lyons' inquiry for an increase in the number of bands, so as to include a billionaires' band. Perhaps they should propose that, but I suspect that they will not.

I cannot accept the hon. Gentleman's accusation that the grant system is politically biased. That is not borne out by the facts, the figures of the House of Commons Library, or the representations that have been made to the Under-Secretary of State, Office of the Deputy Prime Minister, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick) and other ministerial colleagues. My hon. Friend the Member for Wigan (Mr. Turner) is not in his place, but if he were, he would be reading out statements from the special interest group of municipal authorities—SIGOMA—many of which are floor authorities. It is a bit rich of the hon. Member for Brentwood and Ongar to make such an accusation, which I deny outright. Indeed, having studied the formulae and the method of grant distribution in detail for nearly 12 months, I defy anyone to come up with a formula that would achieve what he is accusing us of doing. I reject his analysis.

The hon. Gentleman referred to what he described as last year's "fiasco". In my view, however, there is a relationship between the decisions that we took last year on excessive budgets and council tax levels, and our success this year—and in future, no doubt—in keeping council tax levels down. I suspect that the hon. Gentleman is not quite sure whether he would prefer there to be higher council tax increases so that he could blame central Government, or lower council tax increases, for which he would no doubt give the credit to Conservative-run councils—but not Labour ones—in the forthcoming local government election campaign. He cannot have his cake and eat it, although he always tries to do so.

The hon. Gentleman's final point related to the comparison with the Greater London authority. I repeat for the benefit of the House that the principles involved this year and last year relate not just to council tax levels but to budget requirement levels—in layperson's terms, expenditure levels—of the authorities concerned. It is important that that point is understood.

Andrew Stunell (Hazel Grove) (LD): I thank the Minister for his statement and the measured way in which he presented it, although I cannot thank him for the news that it contained.

I am sure that the Minister recognises that yet again council tax nationally is rising by twice the rate of inflation. He will know that the Liberal Democrats believe that the tax should be scrapped, not simply fudged and tinkered with. What does he have to say to pensioners across the country who, if they were paying the average council tax last year with the £200 rebate and are now paying the new average council tax without the £200 rebate, face a 25 per cent. increase in the coming year? It is fine to cap local authorities, but does he not understand that without that rebate, pensioners, the poorest council tax payers, will be hit hardest by his and the Chancellor of the Exchequer's combined decisions?

Should not local tax be based on ability to pay? Do not the Deputy Prime Minister and the Minister understand that the current system is fundamentally flawed and puts the poorest at a disadvantage when it comes to paying for local services? Will the Minister now speed up the Lyons review and make sure that that report comes to the House promptly, not delay its implementation until after the next general election,

[Andrew Stunell]

which would condemn the poor council tax payers of this country to another three years of this iniquitous system? He should bring it to the House with his reform ideas clearly in mind.

When did resistance to capping and all its works, clearly and firmly expressed by the Deputy Prime Minister when in opposition, translate into the current enthusiasm for centralising and suppressing the work of local authorities? Does not the Minister see that capping is a sign of Government failure and not of Government success? Underlying all that is the byzantine grant allocation mechanism that he and his colleagues have devised. It might or might not be politically partisan, but it is certainly partisan as between central Government and local democracy, leading to higher council tax, intolerable burdens on pensioners, cuts in services and, today, the ultimate madness, capping by this Government.

Mr. Woolas: I should start by congratulating the right hon. Gentleman—

Andrew Stunell *indicated dissent.*

Mr. Woolas: Not yet. I congratulate the hon. Gentleman on his new position and look forward to debating this important policy subject with him.

At least the hon. Gentleman's points, in contrast to those made by the hon. Member for Brentwood and Ongar (Mr. Pickles), are based on a policy. At least he has a policy. It is an unworkable policy, and the wrong policy, but it is a policy. He says that the ability to pay should be the criterion for a local tax. We will wait to see whether such a local income tax proposal emerges from the Liberal Democrats' internal debate. He has made it clear, however, that he believes that local tax should be based on ability to pay. Of course, that ignores all those people in hard-working families, with two or more income earners, who would pay for the difference. I suspect that the "scrap the tax" campaign—indeed, I know it for a fact—does not have details of the costs of the extra local income tax.

The hon. Gentleman asked about the timing of the Lyons review. For the sake of clarity, the Government intend to publish a White Paper on local government before the summer recess.

The timing of the announcements by Sir Michael Lyons is a matter for him, but we expect his interim report to be published in the first half of the year, and the final report to be published by the end of the year. That is the time towards which we are working.

The hon. Gentleman criticised what he described as a centralising Government. I suspect that he is not fully aware of the impact of the new local area agreements, which are bringing about an important change in the relationship between central and local government, and the working relationship that we have on a practical day-to-day level with the Local Government Association as we consider how best to implement the reduction in the performance regime and the extra financial freedoms and flexibilities that have been introduced. I am sure that the hon. Gentleman welcomes those, along with his Liberal Democrat colleagues on the LGA.

The hon. Gentleman asked about pensioners. As I said earlier, some 14 per cent. of the total council tax bill is now paid through council tax benefit, and there is additional help for pensioners as well.

The hon. Gentleman accused me, or accused the Government, of having a byzantine formula. It is not always entirely fair to cite the words of the hon. Member for Brent, East (Sarah Teather), who preceded the hon. Gentleman in his job, but she criticised me for making the formula simpler when I announced the abolition of the formula spending share.

Mr. David Laws (Yeovil) (LD): She is here.

Mr. Woolas: If the hon. Lady is here, she can speak for herself. Anyway, I was criticised by Opposition Members for making the formula simpler. I remind the House that the formula that I have announced today is a significant simplification of its predecessor, and that it builds on simplifications introduced previously by my right hon. Friend the Deputy Prime Minister.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I seek the help and co-operation of the House. I am mindful of the amount of time that Front Benchers have taken, and I see that a good many Back Benchers wish to catch my eye. I am also aware that we have important business to follow. May I therefore ask for single questions and brief replies? I may then be able to allow more Members to make contributions.

Paddy Tipping (Sherwood) (Lab): What estimate has the Minister made of the effect of the local government pension scheme on council tax levels in 2006–07 and in subsequent years? Against the background of tomorrow's industrial action in local councils, is he still hopeful that a settlement can be found that will modernise the pension scheme?

Mr. Woolas: Yes, I am hopeful, and the Government, as regulator of the scheme, stand ready to facilitate discussions between the employers represented by the LGA and the representatives of members of the scheme, the trade unions. Our policy is that the taxpayer should not be asked to pick up any additional burdens. This is a funded scheme. We have legal obligations to ensure that it is viable and, of course, legal, and we seek to do that in a way that will secure the future of the final-salary pension scheme to the benefit of all employees and of local authorities.

Mr. David Curry (Skipton and Ripon) (Con): The crisis in social services is bound to be made worse by the formula because of increasing demands from old people's and, indeed, young persons' services, but that must be seen in the context of the crisis in the NHS as well, owing to increasingly close links between it and social services—links that the Government and most sensible people want. What steps do the Government intend to take to ensure that those two crises do not simply play against each other and cause a steady deterioration in services, both for those who look to the NHS and for those who look to their local councils?

Mr. Woolas: Of course the Government recognise—and have recognised in their joint work with the LGA—the pressures faced by social services, particularly services for adults and the elderly. It would be nonsensical to deny the existence of those pressures. But those pressures, the result of largely demographic changes, also apply to central Government, which is why our policy is to ensure that budgets are balanced. Behind the right hon. Gentleman's question is a paradox. The solution that he seems to offer is further increases in council tax, but if I were to allow them, his Front-Bench colleague, the hon. Member for Brentwood and Ongar, would no doubt be the first to criticise me. Joint work is required to deal with those very real pressures. Against the background of an increase in the revenue support grant, I must point out that the amount of money going to social services has not been cut, but increased.

Mr. David S. Borrow (South Ribble) (Lab): May I raise with the Minister the impact of the capping criteria on authorities that have historically had a low council tax, or, in the case of the Lancashire police authority, a low precept? Over a number of years, it has wished to raise its precept to its expenditure and to be in the middle rather than at the bottom of the list of authorities in respect of spending, but it has been unable to do so. That will have a considerable impact over the next few years as a result of the merger of Lancashire police authority and Cumbria police authority, which has a much higher precept. Will the Minister comment on the likely impact of the capping criteria in the light of that merger?

Mr. Woolas: I understand my hon. Friend's point. Lancashire police authority has, in common with others, been reasonable in setting balanced budgets. My hon. Friend's question about the impact of the merger of his police force is a matter for my right hon. Friend the Home Secretary, who will shortly take decisions on the future composition of the police. My hon. Friend's point about the historic level of the council tax having a huge impact on the way in which the precepts have been levied has also been raised by several hon. Members. One of the major reasons I took the decision to abolish the formula spending share was to allow greater transparency so that the House and the Lyons review can make decisions on the basis of facts rather than notional figures.

Sir George Young (North-West Hampshire) (Con): Would the Minister agree that the precept that he has just announced has been damaged by the Chancellor's announcement about pensioner rebate last Wednesday? Will he answer this simple question: when the Deputy Prime Minister and the Chancellor agreed the block grant figure last December, did the Chancellor have the courtesy to tell the Deputy Prime Minister that the pensioner rebate was to be abolished?

Mr. Woolas: The Government take their decisions on these matters in the round. One also has to take into account the position of the Department for Work and Pensions, which funds the council tax benefit system. What cannot be dismissed is the fact that 2.5 million pensioners, representing 14 per cent. of the total council tax budget, pay their bills through council tax benefit. The hon. Member for Brentwood and Ongar cannot get away from that. As I said in my statement, no one who cannot afford to pay the council tax has to pay it.

John Hemming (Birmingham, Yardley) (LD): The Minister will be aware that it has been Government policy since 1997 to drive up the council tax at a rate faster than inflation. When will council tax be high enough and when will the Government stop driving it up beyond the rate of inflation?

Mr. Woolas: I do not accept the premise of the hon. Gentleman's question. Indeed, it provides a classic example of what I call the Liberal Democrat single transferable argument. When the council tax level is beyond what the hon. Gentleman thinks it should be and Liberal Democrats have influence in local councils, he blames the central Government; but when Liberal Democrats do not have influence in them, he blames the local councils. He cannot have his cake and eat it. The Government have increased revenue support grant to local authorities by nearly 40 per cent. In the four years from 1993 to 1997, it was cut in real terms by 7 per cent.

Dr. Andrew Murrison (Westbury) (Con): What note has the Minister taken of Trowbridge town council's 48 per cent. increase in precept, which means that the precept far exceeds the district council element of the council tax bill? Does he not agree that that is simply unacceptable?

Mr. Woolas: I have not received any praise—I suppose that I should not really have expected any—for my decision on Aylesbury Vale and Wellingborough. The hon. Gentleman may think that I am going to study the figures for parish and town councils, but I am not; the legislation does not cover that level. That is a matter for the hon. Gentleman's town council, which will doubtless listen to his representations.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Hammersmith and Fulham council has already increased its council tax by more than 60 per cent. since 1997. Everyone knows that today's debt is tomorrow's council tax. Is the Minister aware that council debt in Hammersmith and Fulham, which stood at £297 million at the end of 2003, is scheduled to rise to £500 million by the end of 2009? That is an increase of more than £200 million over six years. Does the Minister agree that this gross irresponsibility on the part of Labour-run Hammersmith and Fulham council will cost council tax payers dearly in future?

Mr. Woolas: I am grateful to the hon. Gentleman for raising that issue, but I advise him not to get into bandying about councils' debt figures. He will doubtless be on the doorsteps in the weeks to come, and I have to say what a superb and well-led council Hammersmith and Fulham is.

Mark Pritchard (The Wrekin) (Con): What message does the Minister have for pensioners in my Shropshire constituency, given that they have just had a 4.9 per cent. council tax increase from Labour-led Telford and

[Mark Pritchard]

Wrekin council, and that they no longer have a £200 rebate? Do the Government not realise that such increases are driving many pensioners into poverty?

Mr. Woolas: I thank the hon. Gentleman for raising that point again. As I said in my statement, the average council tax increases of 12.9 per cent. that took place some years ago were regrettable. However, he must accept that council tax levels are set by local authorities. Against the background of increasing resources from central Government, and of our successful relationship with the Local Government Association on net new burdens, councils have to take responsibility themselves for the level of council tax.

Mr. Peter Bone (Wellingborough) (Con): Will the Minister explain what has changed since before the general election, when pensioners were bribed with a £200 council tax rebate?

Mr. Woolas: In my statement and in previous answers, I pointed out that one has to look at support for pensioners and others on fixed incomes in the round. The hon. Gentleman ignores the fact that the pension credit, help with winter fuel payments and the council tax benefit system have helped to ensure that on the whole pensioners are better off. Through the council tax benefit system, this Government ensure that the poorest pensioners are given help and that those on full pension credit pay no council tax at all.

Mr. Philip Hollobone (Kettering) (Con): The 2006–07 settlement includes an element for population growth, but it is based on census data and is then projected forward. That disadvantages local people in high-growth areas such as Kettering, which is affected by population growth in Milton Keynes and the south midlands. Will the Minister undertake to look at this anomaly for next year?

Mr. Woolas: I thank the hon. Gentleman for making that point, which he has made before in this Chamber and outside it. We did of course make changes to the use of population statistics to ensure that, alongside previous trends, future projections are taken into account to a greater extent in the new settlement—in part because of the point that he makes.

The other point I want to put on record is that the Government are entirely dependent on the Office for National Statistics for population statistics, but no doubt the hon. Gentleman, like my hon. Friends, will want to monitor the situation as the two-year settlement period pans out.

Hugh Bayley (City of York) (Lab): I apologise to the Minister and to the House for being absent when the Minister made his statement. I was chairing a Standing Committee and obviously could not leave the Chair.

I am greatly concerned that City of York council has one of the largest council tax rises this year and that it has ended up on the capping list. The cost of re-issuing bills will be extremely high and will fall on council tax payers, so would the Minister consider removing the cap if the council gave hard guarantees to cut its spending and to make a proportionate reduction in council tax next year? Would he be willing to meet me to discuss that possibility?

Mr. Woolas: Of course I would be willing to meet my hon. Friend. Last year, we gave, and fulfilled, commitments to meet all councils and Members concerned about their local authorities' budgets and about council tax capping decisions. It may be helpful to my hon. Friend if I emphasise the point that local authorities have the right to appeal against the decision, and I have an obligation to give serious consideration to their representations, as well as any made by Members.

Point of Order

5.36 pm

Dr. Liam Fox (Woodspring) (Con): On a point of order, Madam Deputy Speaker. Can you give me some advice and help about Defence questions, held earlier? My hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) tabled a question about what recent discussions the Secretary of State for Defence had held with his US counterparts about Iran's nuclear programme. For reasons beyond my understanding, the question was transferred to the Foreign and Commonwealth Office, which is strange enough in itself but even more perplexing given that the Secretary of State for Defence had answered almost exactly the same question at a previous oral Defence Question Time. He was asked:

"What assessment he has made of Iran's nuclear weapons capability; and if he will make a statement."—[*Official Report*, 27 February 2006; Vol. 443, c. 7.]

It seems strange that the House was precluded from debating that important issue during Defence questions today due to that transfer by the Table Office, especially as the Secretary of State was asked what discussions he personally had held with his US counterparts at the Pentagon. Can you get us an explanation, Madam Deputy Speaker—if it is other than the fact that the Foreign Secretary has now been de-graded to the point of being the diary secretary for the Secretary of State for Defence?

Madam Deputy Speaker (Sylvia Heal): I am aware of the transfer of that question, together with others, perhaps in identical terms, that appeared on the Order Paper last Thursday. The decision to transfer a question is a matter for Ministers, not for the Chair. However, decisions on transfers should be consistent; they should be made as soon as possible after tabling and quickly notified to the Member concerned. Where there is a genuine element of doubt and an oral question is involved, it is reasonable that the Member should have the benefit of that doubt. I have nothing further to add.

Identification and Support of Carers (Primary Health Care)

5.38 pm

Barbara Keeley (Worsley) (Lab): I beg to move,

That leave be given to bring in a Bill to require that general practitioners or Primary Health Care teams identify certain patients who are carers or who have a carer; to require identified carers to be referred to sources of advocacy, help and support; to require that carers' needs are taken into account in relation to the allocation of appointments, procedures for issuing prescriptions, and waiting room arrangements; to make provision for routinely checking the physical and emotional health of carers; and for connected purposes.

Although there are 5.2 million carers, I want to focus on those who have the heaviest commitment, where caring can have an impact on the health of the carer. One million carers care for more than 50 hours a week, which is more than a full-time job. Research shows that such caring commitments often result in poor health for the carer. A Carers UK report, based on the 2001 census, showed that one in five of those caring for more than 50 hours a week were not in good health, and that figure worsened to one in four carers in some areas of the country. Areas with the worst figures for poor health among carers also tend to have high levels of disability and illness, often linked to the heritage of industrial disease. Those include my local authority areas of Salford and Wigan and many former industrial and mining areas nationwide.

The report noted that older carers are often likely to be suffering poor health, and caring will have a further impact on the carer's health. An American study of carers of patients with stroke disease or dementia found that caring did have an impact on their health. Stress from caring affected the carer's immune system in ways that accelerated the risk of age-related diseases. The stress of caring does not just affect older carers—the Carers UK report found that carers in younger age groups, from 16 years upwards, were significantly more likely to suffer ill-health than non-carers of the same age.

The fact that carers' health suffers through caring is well known to the charities who work to support carers. The Princess Royal Trust for Carers has some 60 centres in its network, which work with primary health care teams to help them to identify and support carers. The trust also has more than 30 projects working directly with primary care. The first projects were established in the early 1990s and that work led to the trust publishing a good practice guide for support workers and GP practices in 1999.

In the same year, the Government's national strategy for carers noted that the NHS was

"the single most important point of contact"

for many carers. The Government highlighted in the strategy the fact that GPs and primary health care teams had a key role that they should be performing with carers within their practice population.

The strategy included a five-point checklist for primary care to use with carers. The checklist covered GPs identifying carers, making checks on their physical and emotional health, telling carers that they can ask for a social services assessment of their own needs, routinely asking patients about sharing information about their health with their carer and being aware of local carers' support groups and telling carers about those groups.

[Barbara Keeley]

The national strategy gave that checklist to GPs as good practice for their work with carers. The emphasis on identifying carers within primary care was important because carers play such a vital role in health and social care. They are increasingly being recognised by NHS staff as partners in care. While a proportion of GPs and primary health care teams do work to identify the carers within their practice population, research on the extent of the work being done shows that this is patchy. Some GPs say that they are too busy to undertake the work. My Bill would require that primary care trusts and local health boards ensure that effective procedures exist within primary care to identify carers.

Current good practice suggests that it is worth GPs identifying certain carers so that they can be referred to other agencies for support and for assessment of their needs. In a GP practice population of 2,000, there are likely to be some 200 carers, of whom about 40 will be caring for 50 hours or more per week. The task of identifying the 40 carers with the heaviest commitments does seem manageable.

The Princess Royal Trust for Carers centre in Salford has a primary care liaison worker called Julia Ellis. Julia told me how two primary care practices in my constituency were successfully identifying and referring carers to her centre. Practice nurses from the Limes medical practice in Walkden carry out that work when making home visits to a patient who seems to have a carer. The nurses run through a series of questions with the patient and carer about who does certain tasks for the patient. The nurses then fill in a referral card for the practice to ensure that the primary health care team know about the carer, and they also ensure that the carer is referred to sources of advice and support.

The Dearden avenue medical practice in my constituency has a different approach. Its staff carried out a search on the practice's computer system. For all those patients over 70 who were not in residential care homes, a letter was sent to the next of kin asking if they were the patient's carer. Out of 149 letters sent, 90 were returned from carers. That excellent response rate enabled follow-up information to be sent, telling the carer about support and information available, including having an assessment of their own needs at Salford carers centre.

I pay tribute to the Princess Royal Trust for Carers for its work in primary care for many years in centres such as the one at Salford, and to Carers UK for their campaigns to highlight carers' issues and needs. Although I was pleased to find that GPs and primary health care teams in my constituency are tackling the work of identifying and referring carers, there is much more to be done.

Since I became an MP, a number of constituents who are carers have asked for help with urgent problems with health services. I have found that those constituents tend not to think of themselves as carers; nor have they been identified as such by their GPs. They do not know that there is a carers centre in Salford and a carers support group in Wigan and Leigh, both of which can offer them advice and help. It seems that we have a long way to go before it is routine for carers to be identified and offered the help and support that they need.

Carers are not yet routinely identified and referred for advice and support; nor are they helped to plan alternative care if their own health fails. Last year, Carers UK reported on the experiences of more than 1,000 carers who had to find alternative ways to manage their caring responsibilities during an emergency or health crisis. Some of those carers had life-threatening conditions themselves, but they still had a battle to find information and support.

Carers with substantial caring commitments need to have regular checks on their own physical and emotional health. My Bill would require that carers are offered consultations and health checks and that that is done routinely for carers whose health is at risk because of caring. Carers also need to have regular reviews of how they are coping with their caring commitment in case their own health deteriorates or they stop being able to cope. They also need information on what alternative care is available, and my Bill would enable carers to be referred for such advice.

Research has shown that carers can find it difficult to make an appointment with a GP for their own health needs, as they are more restricted in the times that they can attend and must often make alternative care arrangements. Similarly, it is difficult for them to get out of the house to pick up prescriptions. When attending an appointment with the person who is cared for, the waiting room arrangements can be a barrier for carers, particularly if the cared-for person is an autistic child, chronically or terminally ill, or suffering from dementia. Having to wait to see a GP is annoying for many people, but carers in the situations that I have described find that a wait may be impossible. My Bill would require that primary care services take carers' needs into account in making medical appointments, issuing prescriptions and making suitable arrangements in the waiting room.

The recent White Paper, "Our health, our care, our say", offered a new deal for carers and an updated and extended national strategy. The new strategy will promote

"the health and well-being of carers, including the particular needs of younger carers."

I hope that Ministers will study my Bill, as a key step in offering that new deal to carers. I thank Carers UK and Luke Clements for helping me to draft the Bill and the House for giving me the opportunity to present it today.

Question put and agreed to.

Bill ordered to be brought in by Barbara Keeley, Dr. Hywel Francis, Meg Hillier, Alison Seabeck, Ed Balls, Tony Baldry, Mrs. Nadine Dorries, Mr. Paul Burstow, Lady Hermon, Helen Goodman, Lynda Waltho and Ms Diana R. Johnson.

Identification and Support of Carers (Primary Health Care)

Barbara Keeley accordingly presented a Bill to require that general practitioners or Primary Health Care teams identify certain patients who are carers or who have a carer; to require identified carers to be referred to sources of advocacy, help and support; to require that carers' needs are taken into account in relation to the allocation of appointments, procedures for issuing prescriptions, and waiting room arrangements; to make provision for routinely checking the physical and emotional health of carers; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 14 July, and to be printed [Bill 154].

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [22 March].

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description—*[Mr. Gordon Brown.]*

Question again proposed.

Budget Resolutions and Economic Situation

5.49 pm

The Secretary of State for Education and Skills (Ruth Kelly): Today, we debate the central theme of this Labour Government's 10th Budget: education—our No. 1 priority. Our vision is for a nation that is both economically successful and socially just, where everyone has the opportunity to fulfil their potential, no matter who they are or where they come from. Education is central to that vision. It has the potential to transform our lives, individually and collectively. It is a powerful force for both economic success and social mobility, which is why Labour values it so highly and debates it so passionately.

In last week's Budget, we had to make a choice—we could invest in our children, schools and young people or we could put tax cuts before the needs of our young people. We chose to invest in the future and in our economy, leaving the Opposition to make the case for the old Tory politics of cutting public services to pay for tax cuts. The prosperity of our nation requires a Government who are not only strong enough to take the difficult decisions for today, but who have the vision and determination to take the essential decisions needed for tomorrow. Since taking office in 1997, this Government have never failed to meet that challenge, making the case for reform in our education system where it was needed, but also backing that reform with investment.

The priority of this Labour Government is to pursue our vision, in which an outstanding education will be the right not only of a few pupils who have opted out of the state system or whose parents benefited from a good start in life, but of every single child—100 per cent. of our children will be valued highly; 100 per cent. will be fully equipped for the challenges of the future. Because we want every child to have the chance to succeed, schools were at the heart of last week's Budget. The Government have already raised standards in primary and secondary education. There has been unprecedented capital investment since 1997. There are 30,000 more teachers and more than 130,000 more support staff in our schools, and there have been year-on-year improvements in results at ages 11 and 14 and at GSCE. Where only 45 per cent. of pupils got five good GCSEs in 1997, 56 per cent. achieved that level in 2005.

The Education and Inspections Bill currently before the House takes that transformation of schools further still. Schools will be able to take the decisions that they need to raise standards and will be free to form relationships with external partners, such as business foundations, further education colleges and universities, charities and other schools, where that will help them to drive up standards. For the first time ever in our nation's history, we are introducing a new right for all young people to a high quality vocational route from the age of 14.

The Budget heralds more major investment for our schools. We have already doubled the money that we spend on each pupil each year from £2,500 in 1997 to £5,000 today, but we know that, in the independent sector, average spending on each pupil is still £8,000 each year. As the Chancellor has made clear, our long-term aim will be to close the gap between spending on private school pupils and those in state schools. We want all pupils to benefit from the investment and support now available to only some of them. In particular, as a first step the Budget includes capital investment in school buildings and information and communications technology, which will increase by £1.6 billion to a total of more than £8 billion by 2010–11. That will close the historical gap in capital investment between state schools and independent schools so that all our young people can benefit from world-class educational facilities.

John Bercow (Buckingham) (Con): The right hon. Lady said a moment ago that the Government have committed themselves—true enough, they have—to a right to a vocational education, including, therefore, a commitment to access the specialised diplomas that will form its essence. Why are the Government not prepared similarly to commit to the funding of personalised learning?

Ruth Kelly: The hon. Gentleman makes an extremely good point. I want to come on to personalisation, because it is at the heart of our education reforms. The Budget commits the Government to spending £220 million next year, followed by £365 million the following year direct to every head teacher to help to provide tailored teaching and learning in and out of the classroom.

Michael Connarty (Linlithgow and East Falkirk) (Lab): My right hon. Friend is moving on to an interesting topic, but I want to return to the previous topic of capital investment. Has she analysed the distortion caused by forcing local authorities to have academies? On at least two occasions, I have heard my colleagues say that their local authority has been told that if it will not have an academy, its capital investment programme will be put back by two or three years.

Ruth Kelly: I would be glad if my hon. Friend provided the evidence for that. I would be happy to look at it. The Government's commitment is to raising standards. When a local education authority has a plan that will clearly raise standards, particularly in underperforming or failing schools, the Government welcome that. When it does not, an academy may be the option—when there is persistent educational inequality and disadvantage, which sometimes will have existed for generations.

Mr. David Chaytor (Bury, North) (Lab): On the previous point about matching the funding in state schools to that which currently applies in private schools, will my right hon. Friend indicate the time over which that objective could be achieved? Does she think that it can be achieved entirely out of general taxation?

Ruth Kelly: As usual, my hon. Friend makes a salient point. I have just laid before the House detailed, concrete commitments on capital investment, which, as a first step, will help to close the gap—and, in fact, close it—between private sector capital investment spending today and our ambition for capital spending on state schools. Clearly, there are also revenue implications. As he knows, we do not, in general, set out our revenue plans beyond the period of the comprehensive spending review, but we have given a commitment for the next two years to invest heavily in personalised education, out of general taxation, so that every child can benefit from more catch-up support, more individual teaching, more small group and one-to-one support—particularly for those falling behind—and additional activities for the most able. I am talking about personalised provision, with pupils from the most disadvantaged backgrounds as the first priority. Combined with the investment already allocated in last autumn's schools White Paper, we have now given a total of £1 billion to support that approach to individual teaching and learning.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I may have misheard my right hon. Friend, but, from reading the vast amount of documentation that we have had since the Chancellor's Budget speech, I understand that the figure that she gave is the added amount that the Chancellor announced. When combined with the amount already being spent, the figure is much larger, is it not?

Ruth Kelly: My hon. Friend is absolutely right. The amounts that I have just outlined are in addition to the amount for personalisation already allocated through the direct schools grant. That brings the total over the next two years—just for personalised learning—to more than £1 billion. As he will know, last week I asked Christine Gilbert, the chief executive of Tower Hamlets council, to lead an expert review team to investigate how we can take forward the vision for outstanding, tailored teaching and learning. Her report, which is due towards the end of the year, will set out a vision for the next generation—teaching and learning in 2020.

As the Chancellor said last week, investment in schools is the most important and pivotal investment that we can make for our economy and our future. However, I am disappointed to tell the House that on the central issue in British politics today, the Conservatives have failed to rise to the challenge. They have never been prepared to make the investment that is necessary for every child and for the nation's future prosperity, and now they are unable to make up their minds whether to back the investment announced in the Budget. I am delighted to see the shadow Chief Secretary to the Treasury, the hon. Member for Chipping Barnet (Mrs. Villiers) on the Front Bench, waiting to hear what I am going to say. On Budget day, when she was asked whether the Conservatives, in government, would spend less on education, she said, "Um. Ah. Certainly." Under pressure, talking about Tory cuts, she added:

"undoubtedly that could be a possibility".

However, later that night on "Newsnight", the shadow Chancellor—who might just be waking up to the fact that more investment in schools is needed and vital for our country's future prosperity, and that his party might also need to be back on the centre ground in British politics—said he would happily back our plans for investment in education. That is a party in chaos—yet another flip-flop.

Mr. Richard Spring (West Suffolk) (Con): As the Secretary of State is being party political, may I remind her that one of the Government's key promises in 1997 was that class sizes in primary schools would be under 30? However, by 2001 that key pledge was abandoned and has thus not been met. Any aspiration must be matched against the reality of what the Government say and what they do not deliver.

Ruth Kelly: The hon. Gentleman is talking complete rubbish. Our party's election manifesto in 1997 said clearly that for every five, six and seven-year-old, class sizes would have a cap of 30. Not only have we delivered that pledge in government, but we continue to invest in teachers and support staff to reduce class sizes. Once again the Conservative party is failing to prove itself to be a credible party of opposition when we discuss education.

John Bercow *rose—*

Ruth Kelly: I will give way to the hon. Gentleman, who I know will talk fluently and at length on the issue.

John Bercow: I will not talk at length because I do not suppose that I shall be allowed to do so, Madam Deputy Speaker.

The right hon. Lady has made it clear that she wants to focus on the most disadvantaged young people and, clearly, specificity is of the essence. Given that children in young offenders institutions are receiving on average only eight hours education a week, and that in the interests of both reducing recidivism and increasing opportunity for those disadvantaged young people we need to do better, what specific financial commitment is she making to increase provision for them?

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Gentleman might not have thought that that was long, but I certainly did.

Ruth Kelly: I am delighted that I gave way to the hon. Member for Buckingham (John Bercow) because he makes an extremely important point. If we are to reduce

recidivism, we need to invest in offender learning. I draw the attention of the hon. Gentleman's colleagues and the House to the Green Paper that we recently published on reducing reoffending through skills and employment. We outlined in the Green Paper our commitments and the fact that the eight hours that are provided to offenders need to be increased in both volume and quality to ensure that all offenders learn the skills that they need to get a job after leaving the institution. As the hon. Gentleman knows, the Government take that extremely seriously.

On the point about flip-flops that I was addressing, I thought for a moment that the Tory policy on vouchers to subsidise private education had been scrapped. However, I am now not quite so sure because just the other day, when browsing the net on my personal computer, I came across an interview on Mumsnet with a certain David Cameron, or Dave. Dave said that he wanted

"public money spent on private independent schools"—

that sounds like vouchers to me. It is anything to anyone. I urge anyone in the House who is interested to visit www.flip-flop.com.

Schools are at the heart of our vision for a world-class education system, but they are only one part of it.

Peter Luff (Mid-Worcestershire) (Con): Will the Secretary of State give way?

Ruth Kelly: I am now dealing with further education. If the hon. Gentleman wants to discuss further education, I will be glad to take his intervention—*[Interruption.]* I have moved on.

Mr. David Willetts (Havant) (Con) *rose—*

Ruth Kelly: I will, of course, give way to the hon. Gentleman.

Mr. Willetts: Before the Secretary of State moves on from schools, may I ask her about a matter that is of great concern to many parents? What assessment has she made of the effect on schools of the strike action that is planned tomorrow? We have heard of at least one London borough that expects a quarter of its schools to close. Will she join me in condemning any strike action that affects the most vulnerable people in the community, including, for example, children with special educational needs who will not be taken to their schools?

Ruth Kelly: Clearly, schools must make decisions on health and safety grounds that are right for their staff and pupils. I urge any staff involved to think seriously about the consequences for schools, especially those that serve special needs children.

Our schools are at the heart of our vision for a world-class education system, but they are only one part of it. Labour Members are clear that further education is also crucial. It is the real engine of social mobility in this country. It gives a second chance to those who missed out at school and helps people to build new careers. It enables those stuck in unfulfilling jobs to retrain so that they can get on.

Today, I have published a White Paper on the future of further education. It sets out an ambitious programme of investment and reform and gives the college sector the status and attention it deserves. The Government have chosen to invest in the college sector, just as we have in our schools. Since 1997, there has been a 48 per cent. real-terms increase in investment. An additional £350 million of capital over two years for colleges was announced in last year's Budget, and new resources are set out in this year's Budget and today's White Paper.

Labour Members have an ambitious programme of investment for our colleges—we have made our choice. The investment that we have already delivered has paid off. More people are joining FE courses—6 million now compared with 4 million in 1997—and more young people and adults are starting and completing good qualifications every year. However, we face unprecedented challenges, so we must do much more. Our post-16 staying-on rate is one of the worst in the industrialised world, and we need to transform the skills of adults if we are to remain competitive in the new globalised economy, with new players such as India and China becoming more powerful every day. Standing still is simply not an option.

I want to see all young people in education or training. I want all adults to be able to continue to learn new and valuable skills and all employers to fulfil their responsibilities to train their work forces. Today's White Paper will make a reality of those ambitions. There will be £25 million to fund a new entitlement to a free first level 3 qualification for all 19 to 25-year-olds, together with an extra £11 million to provide maintenance support to help with living costs. There will be £11 million to help colleges to improve their work force by recruiting mid-career professionals from industry and top-flight graduates. There will be £20 million to address the issues identified by the women and work commission in facing up to the scandal of unequal pay.

Mr. Pat McFadden (Wolverhampton, South-East) (Lab): I absolutely agree with the Secretary of State about the importance of the White Paper that was published today. One of its elements is the return of learning accounts. When the policy was in practice before, it was affected by the severe problem of fraud, which led to a loss of confidence in the accounts. Will she set out what difference there will be between the learning accounts to which the White Paper refers and those that existed in the past?

Ruth Kelly: My hon. Friend makes an important point. It is right that funds are in the hands of individuals so that they can access the courses that they think best meet their needs. The vision of a demand-led system—by both individuals and employers—is at the heart of our approach for the further education sector. Clearly, the individual learning account experience was subject to fraud, and we learned lessons from the Select Committee inquiry into that. In future, all courses will have to be quality assured. A register of quality-assured providers will ensure that it is not possible to defraud the system. At first, the new accounts will be available only for level 3 courses, rather than all courses, and we will pilot the approach carefully before extending it across the country. If, as I think we will, we develop a

[Ruth Kelly]

watertight system that puts power in the hands of the individual, we will move towards a further education system that is in general much more responsive to individual need and demand and that helps us to meet the skills challenges of the future.

We will not only put more power into the hands of the individual in the further education sector, but we will ask colleges to be more responsive to employers. I would like to see courses that are chosen by employers and delivered in the workplace so that companies can access all their training needs, from adult literacy to degree-level engineering, in a convenient and timely way. All colleges will be asked to specialise in their strong areas so that they all have a real centre of excellence. We will raise the bar on standards by taking tough measures to improve colleges that are underperforming. This is a radical package for the further education sector, and it is a Labour package. This is a Budget that secures fairness for every child and every learner by investing in every child and every learner. The Conservatives had the chance to invest in the further education sector when they were in government, but did they? No. In fact, funding was cut by 14 per cent. in real terms under the previous Government.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): If the Secretary of State thinks that the reforms were so desperately needed and so important, why has it taken the Government nine years to introduce them?

Ruth Kelly: Why has it taken the Conservative party nine years to wake up to the fact that more investment might be needed in our schools and further education colleges? Over the past nine years, funding in education has risen by 48 per cent.—almost half—in real terms. At the same time, we have introduced a new level 2 entitlement for all young learners and an entitlement for adults who do not have the basic skills required, to gain them for free. We are also piloting a new approach to level 3 in the regions. The White Paper relates to colleges that are needed to deliver the skills needs of the nation.

Peter Luff: Does the right hon. Lady think that perhaps the time has come for a more radical assessment of the relative roles of higher education and further education? The overlap is now considerable. The message of a 50 per cent. target for HE seems to diminish the value that the Government attach to FE. Is the White Paper radical enough to address the skills needs of our country?

Ruth Kelly: I think that it is. When the hon. Gentleman has a chance to read the White Paper, he will see that we plan to use FE colleges as a major way of delivering HE for those learners who are already in employment and need skills delivered in the workplace, and for those areas where students and employees do not have ready access to HE institutions. That is right and it will help us to achieve our target. If anything, the target of 50 per cent. is too low an ambition rather than too high an ambition.

Mr. Sheerman: Before my right hon. Friend leaves the subject of FE, may I congratulate her on the White Paper? The reasonably broadminded coalition on both sides of the House would no doubt congratulate her on the quality of the recommendations. However, does she think that there is a problem with rebuilding and refurbishing the FE sector estate? She knows about the serious financial problems with borrowing the money in the FE sector. I have not been able to find anything in the document to put that matter to rest.

Ruth Kelly: I agree that the sector needs more capital investment, and capital spending in the FE sector will rise by £1 billion over the next five years, £350 million of which was announced as additional investment in last year's Budget. My hon. Friend is also right that the FE sector finds it difficult to compete on the same terms as schools for 14 to 19 education in particular. When he examines the White Paper closely, he will see that we are planning to level the playing field and make things fairer between schools and the FE sector, and sixth-form colleges in particular, in the approach to 14 to 19 capital, with local authorities in the lead, delivering their vision for capital spending across that age group. I hope that he accepts and recognises that that is a major step forward for capital investment in the FE sector.

John Bercow: On employer involvement, in the formulation of the content of the specialised diplomas, how will the right hon. Lady decide which employers to consult, by what means and over what period?

Ruth Kelly: Again, the hon. Gentleman makes the important point that employers in each sector should be intimately involved, not only in delivering part of the diploma, but in designing the curriculum content. That is why I have asked every sector skills council, which the Government have set up in every major area of the economy, to lead in bringing together a partnership of those interested employers to agree the content of each and every one of those specialised diplomas. By 2013, every young person in the country over the age of 14 will have the choice of learning on one of those 14 specialised diplomas, to which he so rightly referred—bold thinking, but the need for much higher quality and better vocational education is clear. If we are to compete against China and India, we need to invest in engineering and other major parts of the economy.

In proposing our reforms, we have always been clear that they need to be backed up with investment. We have done that against a backdrop of an Opposition whose policy on investment is in complete disarray. The Conservative party refuses to match the investment that we are putting into our education system. I ask the hon. Member for Havant (Mr. Willetts) to contradict me if what I am saying is not true. It is a party that yet again puts tax cuts before the investment that is needed in our nation's future.

Michael Connarty: My right hon. Friend may be coming to this, but it is worth making the comparisons in concrete terms for the House and the record. My understanding of education spending trends is that between 1992–93 and 1997, the percentage of gross domestic product spent on education fell from 5.4 to 4.7 per cent. under the Conservatives. In the period in which Labour has been in

office, it went up to 5.6 per cent. by 2004–05. What is the percentage aim in this Budget, and where will education fit in in the GDP of this country?

Ruth Kelly: My hon. Friend makes a compelling point. It is true that when the Conservatives had the chance, they cut investment in education. Not only that, in their most recent manifesto of 2005, they did not mention skills. Those did not get a look-in.

My hon. Friend asks about our ambition for the future. As he knows, it is to match spending in the state sector with spending in the private sector. Over the course of this Parliament, we have said that we intend to continue to raise the proportion of GDP that is spent on education. We have also said that by 2010–11 we will have fulfilled the ambition on the capital side. We have gone much further than the Conservatives in outlining our plans for the future. We are putting no limits on the ambition that we have for our children or for ourselves as a nation.

We are making the hard choices now for stability and prosperity in the future. There is investment and reform for today and tomorrow, and aspiration and achievement for all. This is a bold and progressive Budget, and I commend it to the House.

6.17 pm

Mr. David Willetts (Havant) (Con): As we are debating the Budget, I draw the House's attention to my entry in the Register of Members' Interests.

I want to focus on education, and I ask the Secretary of State when the decision was taken to put it at the centre of the Budget. Of course we welcome the fact that it is centre stage, but one suspects that the Government thought that they would like to do health, but that was a bit too embarrassing, so they then thought they would like to do pensions, but that was too difficult. It seems that by a process of elimination they eventually decided that education had better be the theme.

We welcome the announcements on extra expenditure on education in so far as we understand them. I had hoped that we might know a bit more about the detail after the Secretary of State's speech, but, sadly, we do not. Although we welcome the extra spending, it has to be accompanied by reform. To secure the advantage of the extra expenditure, there has to be real reform of public services.

It was striking that in the Budget speech last week, the Chancellor spoke a lot about education and education spending, but he never once mentioned the Education and Inspections Bill, which was supposed to represent the pivotal moment when the Government committed themselves to serious reform of education. He offered spending without any commitment to the reforms on which the House had voted only a few days earlier. One might have expected him to show at least a little bit of gratitude to Opposition Members for having helped him to secure those reforms.

Mr. McFadden: The hon. Gentleman says that he welcomes the new investment in education. Will he clear up the Conservative party's position on the goal of matching investment per pupil in the state sector with investment in the private sector? Does he support that?

Mr. Willetts: Yes, I will turn to that in a moment. I shall try to go through all the different announcements that we have had from the Chancellor and the Secretary of State for Education and Skills and clarify what each of them means.

First, there is the increase in expenditure next year. Although this was not said by the Chancellor in the House, the Red Book says, and the Secretary of State confirmed just now, that the additional resources of £220 million and £365 million are

"to provide further support for personalisation in schools in England."

How will the Secretary of State ensure that that money is spent on personalisation? Will she put conditions on it? What if a head teacher who receives the money decides that there is another priority for his or her school? Will the Secretary of State require the money to be spent on personalisation, and if so, how is she going to do that?

For Budget after Budget we have had announcements of specific pots of money attached to specific purposes, but never an explanation of why the priority in question has been chosen. I remember, for example, the Chancellor announcing in the 1999 Budget debate £2,000 for every school to buy books, saying that it would lead to a total of 10 million new books in all. I never knew how the Department was going to ensure that those 10 million new books arrived. I do not know whether it set any conditions or followed the matter up. I would just like to know from the Secretary of State exactly how she is going to ensure that this money is spent on personalisation, or whether this is a pretence in which we are all supposed to share, whereas in reality it is a cheque for the school—and a good thing, too—but nobody will inquire how the head teacher has spent the money. Conservative Members trust head teachers, and we have no desire to set conditions on the money that will go to schools as a result of this announcement.

Mr. Bernard Jenkin (North Essex) (Con): I congratulate my hon. Friend on the fact that from where I sit, the Secretary of State appears a trifle rouged. Is not the whole point of trust schools the fact that they control their own resources, and should not be micro-managed by the Secretary of State? Will my hon. Friend endorse that point?

Mr. Willetts: I completely agree with my hon. Friend. Conservative Members trust schools—that is why we voted for trust schools, although of course it is a policy that dares not speak its name. It did not even appear in the Education and Inspections Bill, but anyway we backed it, because we believe in giving schools more freedom. If that is the philosophy that the Secretary of State claims she now believes in, why does she have to set conditions on the money that she is sending to schools? Is that consistent with the view of education that lies behind the Bill for which Conservative Members were happy to vote?

Several hon. Members *rose—*

Mr. Willetts: I had better give way to the Chairman of the Select Committee.

Mr. Sheerman: The hon. Gentleman trusts head teachers, and so do I, but we would both be concerned

[Mr. Sheerman]

if there was not a balance in these matters and, for example, money flowing to schools for special educational needs was not used for that purpose.

Mr. Willetts: Yes, but I am trying to establish what conditions, if any, will be set. Head teachers around the country, who heard this announcement last week, would like to know how much flexibility they are to have in spending the money, and on that, I am afraid, Government Members remain silent.

Michael Connarty: I hope that the hon. Gentleman will clarify that point, because I am sure that the record will show that he has just contradicted himself. First he demanded of the Secretary of State the terms on which the money given for personalisation will be followed through and delivered, then he seemed to say to the hon. Member for North Essex (Mr. Jenkin) that he did not agree with personalisation and that the money should be spent in any way the head teacher wishes, not on personalisation. Is he for or against personalisation?

Mr. Willetts: Pay attention at the back of class! It is very simple: Conservative Members do not believe in attaching strings to the money. However, we particularly dislike fake announcements, such as when the Chancellor says, "I've got £2,000 for school books," or "I have £200 million for personalisation," and everybody is supposed to conspire in the pretence that the money has a special purpose, when the Department makes no effort whatever to set any conditions.

All I am trying to do, for the sake of establishing the position of head teachers throughout the country, is find out whether any conditions will really be set. I hope that they will not be, in which case the Secretary of State should stop pretending that this money is attached to whatever is the hot policy area of the moment. I hope that that is totally clear.

Peter Luff: I hope that my hon. Friend will not let the Secretary of State off the hook on this important point. Paragraph 6.58 of the Red Book talks about the money being targeted towards schools with "high levels of deprivation". If that is the mechanism used to distribute the funding, it looks as if it will contribute to the ever widening gap between schools in Worcestershire and schools in Birmingham, for example. We need an answer to that question.

Mr. Willetts: My hon. Friend is quite right. It would be helpful to have a bit more information about how the money is to be distributed and what conditions are to be set for it. We look forward to receiving that information as a matter of urgency. I had rather hoped that we would hear more about it today.

Mr. Chaytor: Will the hon. Gentleman give way?

Mr. Willetts: The hon. Gentleman is a member of the Select Committee, so I will give way to him and then try to make a little progress.

Mr. Chaytor: I am grateful. If the hon. Gentleman is so strong in his belief that head teachers need greater freedoms, how does he defend his policy on setting, whereby he insists on prescribing to head teachers exactly how they should organise the teaching in their schools?

Mr. Willetts: I thought that in all parts of the House there was some support for setting as part of what is called personalisation. I am asking whether the extra money that will go to schools is supposed to be spent on personalisation, and if the Government claim that it is for personalisation, how they will set conditions on how it is spent.

I turn now to the medium-term proposal on capital expenditure. We are a bit baffled as to exactly what is going on here. Perhaps the Secretary of State could help us. She was Economic Secretary to the Treasury, and before that an economics journalist, so if anybody can enlighten us, it is her. As I understand it, we have been told that we are to have a total of £34 billion of capital expenditure over five years, which we welcome. We have been told that the money will rise from £5.6 billion this year to £8 billion in five years, but for some reason we are not to be provided with the crucial information on how the money will be broken down over that period, which schools and people planning capital expenditure need if they are going to get proper value from it.

There are a limited number of ways in which one can spend sums that start at £5.6 billion, end up as £8 billion and add up to £34 billion, so why does the Secretary of State keep the House in suspense? Why does she not fill in the gaps, so that schools and people who wish to help finance capital spending in schools can do some serious planning? That would be very helpful for many people who care about the quality of education. Again, if she wishes to intervene, I would welcome further information.

The last of the Secretary of State's three announcements on spending is the figure for the long term—the proposals for increasing expenditure to reach the level in the private sector. When I heard the Chancellor announce that in his speech the other day, I thought that I had heard it before. Indeed, what do we find but that in 2001 the Prime Minister, speaking at the conference of the Association of Teachers and Lecturers, said that his aim was

"to get to the situation where we have a state education system that is as good in its facilities and its investment as the independent sector"?

When asked what that meant, a senior Government source—for all we know it was the hon. Member for Wolverhampton, South-East (Mr. McFadden), who I think was then one of these advisers, and an expert in the black arts—said:

"The prime minister was indicating that as we continue with real-term, year-on-year spending in state schools, we would hope to narrow the gap with the independent sector."

In 2001 the gap in spending between the state sector and the private sector was approximately £2,000 per pupil a year. In the five years since the Prime Minister made that pledge, the gap has widened to £3,000. Now that the Chancellor has turned up and repeated what the Prime Minister said five years ago, we are rather interested to know why the Government should do any better this time than they did when they made the announcement last time.

Of course we want the gap to be bridged and we want to see that level of expenditure, but it is hard for us to judge how the Government are setting about achieving it. One possibility—although I would never suspect the Secretary of State of such cynicism—is that we simply take today's expenditure on education as a percentage of GDP and project it forward, and there comes a point at which simply by holding expenditure constant as a percentage of GDP, it eventually reaches £8,000 per pupil per year. In fact, on our calculation that happens shortly after 2020, so perhaps the Government expect it to happen shortly after 2020. Indeed, in his briefings on the Budget, the hon. Member for Normanton (Ed Balls) gave 2020 as one of the dates when the target would be achieved.

That aspiration is in reality a forecast, and the Government need do nothing other than keep public spending on education at today's level. The Secretary of State may tell us otherwise, and if so, I would very much welcome that. How does she intend to achieve that aspiration, and over what time scale? We are happy to sign up to such an aspiration, but while the Government talk only about inputs, spending and ratios, we want standards in state schools to reach the standards in private schools. That is what parents care about most, and that is how we should approach the objective that has been set.

When the Secretary of State and the Chancellor reflect on these matters they ought to take careful account of the wise advice in successive reports by the Education and Skills Committee. In two separate reports on public expenditure it has issued salutary warnings that the Chancellor and the Secretary of State have not taken fully into account. Its report on public expenditure on education and skills for the Session 2004–05 begins with a crucial paragraph entitled "The effectiveness of increased expenditure", which states:

"The Chancellor's budget book for 2004 claimed a direct relationship between the increased investment in education since 1997 and improvement in GCSE results in particular. Our evidence showed that with lower levels of investment"—

that is something of which the Opposition are accused—

"GCSE results had improved to at least the same extent in earlier periods in the 1990s."

We therefore secured similar improvements.

The report continues:

"The Government needs to take great care in making claims about the effectiveness of increased investment in education in increasing levels of achievement which the evidence cannot be proved to support. Links between expenditure and outcome remain difficult to establish."

That is extremely wise advice. When the Prime Minister said that he was going to focus on outputs, not inputs, we thought that that was part of what new Labour was supposed to be about. However, what we heard from the Chancellor last week and the Secretary of State this afternoon was entirely about inputs, not outputs. Why did the right hon. Lady not take to heart the advice in the Select Committee report?

The Select Committee returned to the subject a year later and, importantly, warned the world of education that the rate of growth of education spending would slow down. Its 2006 report on public expenditure on education and skills opens by making the point that the Government

"sets great store by stability of funding; it needs to ensure that budget holders across the education sector are aware that funding will not rise at a significant rate over the next spending review period and beyond."

It is great to see the hon. Member for Huddersfield (Mr. Sheerman), the Committee Chairman, in the Chamber. Paragraph 15 of the report goes on to say:

"The Government has already accepted that spending increases will be more modest in the years ahead. The DfES needs to be explicit in stating that growth in expenditure on education and skills will slow down significantly in the coming period. For schools that may mean growth of 2–3% a year in cash terms compared to 5–7% growth in recent years."

The Select Committee rightly called for a grown-up debate so that people who work in education can accept that the rate of growth of education spending will slow down a great deal.

That was extremely important advice, but last week the Chancellor and the Secretary of State, who has talked about a "huge new resource", painted a picture for people in the world of education that is very different from the reality set out soberly and frankly in the Select Committee report. I would be happy to join the Secretary of State in a grown-up debate about how, if the rate of growth of spending is to slow down, that money can be used most efficiently to raise standards in education.

Instead of following the Select Committee report, the Government have bandied figures about as if there is there is going to be an extraordinary splurge in public spending. The figures show that the rate of growth of public spending will not be as great in the next few years as it has been in the past few years. It would have been grown-up to follow the Select Committee advice and confront the world of education with that reality, rather than try to avoid it. The Chancellor frequently enjoys accusing us of boom and bust in our management of the economy, but the record shows that in the financing of public services the Government are responsible for a cycle of boom and bust.

May I invite the Secretary of State to focus on science—a subject to which the Chancellor referred in the Budget? The state of science is a subject of widespread concern, and something that worries Members on both sides of the House. Specific science initiatives were launched which, in so far as we can understand them and the figures behind them, we welcome. However, I hope that the Secretary of State will forgive our scepticism about the special schemes that are always being announced.

During the election campaign, less than a year ago, the Prime Minister said on 14 April 2005:

"Today we pledge an important new element in this knowledge investment—a £250 million three year programme for England to renovate or build at least one new science lab in every secondary school in the country, to give a further boost to school science and to give all schools new facilities even if they are not scheduled for early complete refurbishment for the longer-term capital programmes."

During the election campaign, £250 million over three years was promised for science labs. Ever since, people have tried to obtain information about that £250 million programme and what is supposed to be happening. Finally, Lord Sainsbury sent a letter to John Dunford

[Mr. Willetts]

last month that made it clear that there was no special £250 million fund whatsoever. Instead, Lord Sainsbury said that

"the Office of Science and Technology and the DfES will be undertaking a pilot project to build a demonstrator school science lab."

If that is what happened to the £250 million scheme last year, why should we have any faith in the announcements that the Government have made this year?

Mrs. Dorries: Over the past five years many science departments in universities have closed, and the largest proportion of science students are from the independent sector, so the position is far worse than my hon. Friend suggested. There is little point investing in science labs in the state sector, because there is nowhere for those students to study science if they obtain qualifications.

Mr. Willetts: I agree, and I hope that when the Financial Secretary to the Treasury makes his winding-up speech, we will obtain an authoritative statement about what happened to the £250 million that was announced during the election. I am afraid, however, that we must leave the judgment to John Dunford, the general secretary of the Association of School and College Leaders, who said:

"During the election campaign, the DTI announced out of the blue that it was putting £250 million into improving school science labs. After repeated requests to the DfES and DTI, we have at last discovered, as we feared, that this money does not exist."

If that is not the case, I hope that the Financial Secretary will set the record straight.

Dr. Ian Gibson (Norwich, North) (Lab): Is the hon. Gentleman aware that the Government, with Wellcome Trust money, have renewed and rebuilt laboratories, and have also built new laboratories in every university in the county? Has he visited a university that does not have a huge amount of building under way? His constituency may be a bad example, but in my constituency of Norwich, North, five science labs have been built in schools, and I have opened every one.

Mr. Willetts: I am pleased that that has happened in the hon. Gentleman's schools, but we have still not received an authoritative answer to the question of whether we should take seriously the pledge made by the Prime Minister during the election.

John Bercow: Again, we need to focus on outputs, not merely on inputs. As the Organisation for Economic Co-operation and Development's international student assessment shows that the United Kingdom has fallen from fourth to 11th in the international league table for science, ought we not to be told by the Government why?

Mr. Willetts: My hon. Friend is right. I was hoping to ask the Secretary of State for a little more information about what she was doing to tackle that. I intended to devote a section of my speech to the 3,000 new science teachers mentioned in the Chancellor's Budget statement, but not mentioned in the Red Book. Perhaps we will hear more about them in the winding-up speech.

I turn to the subject of further education, about which the Secretary of State spoke and on which we have had a White Paper today. I agree with the right hon. Lady about the importance of FE. I served on the governing body of an FE college for six years, after it was incorporated. Many FE colleges greatly welcomed incorporation, although I fear that the present direction of policy is slowly and insidiously to take away many of the freedoms that FE colleges had an opportunity to seize then.

FE has rightly been described as sometimes being the middle child in the world of education, which does not get the attention that it merits, between schools and higher education. Sir Andrew Foster's report on FE was excellent. I hope the Secretary of State will agree that if we ever want to assess the Government's performance when it comes to opening up skills and opportunities for our young people, nothing beats table D4 of *Labour Market Trends*. That says it all. I shall give some edited highlights.

The table is entitled "Economic Activity and Economic Inactivity", broken down by age. It shows that among 16 and 17-year-olds, 95,000 are unemployed and not in full-time education. There are a further 122,000 who are economically inactive and not in full-time education, which adds up to a total of 217,000 16 and 17-year-olds alone. That compares with a figure of 170,000—quite bad enough—when the Government came to office. I should like to hear from the Secretary of State why she thinks that figure had deteriorated so much during her years in office.

The next line in the table provides figures for 18 to 24-year-olds. A total of 997,000 18 to 24-year-olds are neither working nor studying nor training. Again, that is a bad figure; the total was 912,000 when the Government came to office. After nine years of initiatives, the new deal and all the other investment, the number of young people who are neither working nor studying nor training has significantly deteriorated since the Government started. Instead of the complacency that we heard from the Secretary of State, I hoped that for once she would tell us why the figures are still deteriorating. None of us can take any comfort from the fact that the position is so bad. The Opposition are entitled to be sceptical about the Government's chances of tackling this very serious problem.

On page 27 of Sir Andrew Foster's report there is a little box that tells the story that we hear from anybody working in the world of FE. The box is entitled, "List of organisations with a monitoring/inspection/improvement role in FE colleges". I will not detain the House by reading out the full list. Suffice it to say that 17 different bodies are listed in the report as having a role in the regulation of FE. My understanding of what today's White Paper proposes is that one of the bodies, the adult learning inspectorate, is merged with Ofsted, but one new body is created—the quality improvement inspectorate—leaving us still with a net total of 17 bodies improving, regulating and auditing FE. That is far too many bodies supervising FE. It is clear from Sir Andrew Foster's report that that is the problem that he wants tackled.

In some ways, the best bit of the report is appendix 2, where the real message comes across. It is entitled "A view from abroad", which presents evidence from other countries. In the United States,

"There is no formal inspection process, national funding regime or national qualifications system".

There is

"a strong emphasis on self-regulation and a lack of top down control".

In Denmark it is the same story. In Australia

"There is a much simpler accreditation and accountability system".

In the Netherlands,

"Although inspection is more frequent than in England",

there is

"greater autonomy at institute level".

The report is clear. There should be more autonomy for FE colleges, and fewer bodies endlessly inspecting, auditing and checking them—but there is nothing in the White Paper that tackles that problem. Instead, we still have a multiplicity of agencies.

The Secretary of State spoke today about some of the measures in the White Paper. One of the features of it is the focus on the under-25s. We would like to hear more about how that balances out—what it will mean, for example, for programmes and courses that are particularly valued by older people, and whether the shift in funding will mean more of the kind of problems that were brought to all our surgeries in the past couple of years involving older people who enjoyed courses at FE colleges that did not lead to an official vocational qualification, but had found that their costs rose or their courses closed because the Learning and Skills Council was no longer willing to fund them.

Many people get real social value from a range of courses—be it learning the piano or the guitar, or basket weaving. We would like to hear from the Secretary of State whether buried in the White Paper is a further shift of funding away from such courses, so that when people come to our surgeries again next year to ask why, yet again, the cost of those courses has gone up, we can be clear about when the Government made the statement, and what its implications were.

There is a big focus in the White Paper on national vocational qualifications. Is the Secretary of State, like me, concerned about many employers' lack of confidence in NVQs? The paradox is that the funding is being shifted to NVQ levels 1 and 2, when those qualifications command no premium whatsoever in the labour market. They are not worth any increase in pay. That tells us something about what employers think of those NVQs. Why are the Government trying to funnel Learning and Skills Council funding into courses that, sadly, are of the lowest value in the labour market, and away from courses that have other values?

I hope that in the course of the Budget debate we will get more information about these important points, which will enable us to get behind the rhetoric of the Budget statement last week and the Secretary of State's speech today, so that people working in education can have a little more hard information on which they can plan. The right hon. Lady failed to provide that information in her speech. I hope that we will hear more in the winding-up speech.

Let us be clear that as regards the world of education, we have a Chancellor who can only talk money, does not understand the importance of reform, and failed to commit himself to the Education and Inspections Bill in his Budget statement. We have a Prime Minister who talks reform but can deliver it only with Opposition help and support. It is only the Opposition who have a commitment to the proper funding of education, combined with real reform of education. That is why only we can deliver higher educational standards.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I remind the House that there is a 10-minute limit on Back-Bench speeches, which applies from now.

6.48 pm

Dr. Gavin Strang (Edinburgh, East) (Lab): I am grateful for the opportunity to follow the principal Opposition spokesperson on education, the hon. Member for Havant (Mr. Willetts), and my right hon. Friend the Secretary of State for Education and Skills.

Many hon. Members are aware that one of the greatest post-war achievements in education was the setting up of the Open university by the Labour Government of Harold Wilson. Not everyone will recall that under the Government of Margaret Thatcher, there was a period when the Open university was at real risk. However, it was not abolished and I trust that all the major parties are firmly committed to its continuing success. I want to discuss the economy and participate in the general Budget debate rather than focusing my remarks on education.

I congratulate my right hon. Friend the Chancellor on his 10th Budget statement. Labour Members have a lot to be proud of—for the first time in our history, this country has had 10 years of uninterrupted economic growth. The UK is at the top of the Organisation for Economic Co-operation and Development for stability in respect of growth and of inflation.

Stewart Hosie (Dundee, East) (SNP): Will the right hon. Gentleman give way?

Dr. Strang: A 10-minute limit has been imposed and many hon. Members want to speak. I would like to give way, but I want to discuss the general economy.

Peter Luff: On a point of order, I am sure that you want to be helpful, as you always are, Mr. Deputy Speaker, to the Member who has the Floor. If the right hon. Gentleman were to give way, injury time would be added to his speech, so he can give way without incurring a time penalty.

Mr. Deputy Speaker: I do not want to take out too much time in answering a point of order, but I am sure that the right hon. Gentleman knows the well-established rule of the House that injury time is available for two interventions. However, it is still entirely up to him whether he gives way in a particular situation.

Dr. Strang: Injury time does not extend the length of the match. The debate will still finish at 10 pm, so an intervention means that fewer hon. Members can take part.

[Dr. Strang]

The UK is at the top of the OECD for stability of growth and of inflation, and interest rates and unemployment remain at historic lows. Average wealth per head has risen from the lowest in the G7 to second place—the G7 consists of the UK, the US, France, Canada, Italy, Japan and Germany. Furthermore, households across the income scale continue to see their living standards rise. A strong and strengthening economy, alongside the sound management of our public finances, means that this Government have again been able to invest in Britain's future.

The Budget has served another purpose by shedding a little light on the policies of the official Opposition. After all, although Conservative Members are eager to tell us that they have changed, they are rather shy about what they have changed into. We now know that the Conservative party would reduce spending by £17 billion in the year ahead. On top of that, my right hon. Friend the Chancellor has calculated that a Conservative Government would require public spending to be £16 billion lower in 2007–08, which would eliminate all possibility of additional investment in infrastructure, science or education.

A key benefit of the economic strength and stability maintained by this Government has been the steady rise in the number of people in work. The UK has the highest employment rate in the G7, and the number of people in employment is close to record levels—up by 178,000 since last year. More people are in work, and with the national minimum wage, child benefit, the child tax credit and the working tax credit, this Government have made work pay. People are no longer better off on the dole. Alongside the high level of employment, the number of unemployed and the rate of unemployment have stayed and remain low.

There has been a slight rise in unemployment in recent months. There has also been a large migration of workers from central and eastern Europe into this country, and, generally speaking, those people are now productive members of our labour force. There has been speculation that the scale of that influx might have been a factor in the recent slight increase in unemployment. It is early days, but the Department for Work and Pensions has published two working papers since the enlargement of the European Union in May 2004. I am pleased that the indications to date are that this migration is not the cause of the small recent rise in unemployment and that the overall economic impact of the migration has been "modest but broadly positive".

The current budget balance is clearly important. We can argue about the scale of borrowing that it is prudent for the Government to undertake in any financial year, and we can debate what is a sensible maximum for the national debt as a percentage of gross domestic product. My right hon. Friend the Chancellor has articulated what is described as the golden rule with respect to our budget balance. I shall leave it to the economists in this House to argue about the length of the economic cycle, but it is worth making the point that, even with the previous dating of the economic cycle, the average current budget balance was zero and the cumulative deficit over the period was £1.9 billion.

Hon. Members will be aware that the current budget balance depends upon two variables that stretch into hundreds of billions of pounds. Indeed, both current public expenditure and current receipts are in the region of £500 billion. To complain about the re-dating of the economic cycle on the basis of £1.9 billion is to fail to understand the errors inherent in any economic projection—it is difficult to say exactly where we are to the closest £1 billion—which is especially true when the projection is the difference between income and expenditure.

One of the key themes of this year's Budget has been Britain's competitiveness in the global economy, and, of course, our economy would not have grown and would not continue to grow if there were a lack of confidence in its management. I have said a few words about the current budget balance, but, of course, we must not lose sight of the balance of payments—I am referring to our trade balance, which one might call the external balance. I encourage my hon. Friend the Financial Secretary to address the importance of the trade balance in the modern world, because, as hon. Members know, there has been a continued and substantial deterioration in our balance of payments. In the past five years, the deficit has increased from more than £19 billion in 2000 to more than £47 billion in 2005, and the trend was rising before that. At some point, the Government and hon. Members must address that point.

In one sense, I am sure that hon. Members agree that it would be a good thing if we were to increase our imports from the developing world. The commitment of my right hon. Friend the Chancellor to the developing world is well known, and I believe that hon. Members on both sides of the House have acknowledged it. Thanks to the Labour Government, we are recognised as one of the leading countries in the developed world in addressing the challenge of global poverty. I hope that I speak for hon. Members of all parties in saying that the UK should seek to avoid economic activities that run contrary to the legitimate interests of people in the developing world. The policies that govern our trade must be as constructive towards the developing world as possible.

In the limited time remaining, I want to discuss climate change, which we must consider when we talk about economic growth in the UK, Europe and the whole world. We certainly want our economy to grow in a way that minimises carbon emissions and our demand on finite resources, but we have not reached the point at which we need to implement drastic policies to contract the economy for environmental reasons. However, we must use energy much more efficiently, because we are exceptionally wasteful. We have not addressed basic issues such as fitting insulation to council houses. Time is limited, so I cannot discuss the use of finite resources such as fossil fuels.

We need to address those important issues in the coming weeks. Thanks to this Government, living standards continue to rise. Our aim should be to secure continued stability and sustainable economic growth.

6.58 pm

Sarah Teather (Brent, East) (LD): The Budget contains many welcome proposals on education, and I shall go through some of them in more detail. However,

it is frustrating that, when the Government have some good tales to tell on education, they insist on over-hyping and over-selling their announcements. That is entirely counter-productive, because it hands a stick to the Opposition with which to beat the Government about the head, which is pointless. Re-announcing previous spending and artificially inflating the figures just leads to cynicism. If they were frank about their announcement, we could discuss the points of fact, welcome some of the commitments and debate policy priorities, which is what we should be doing in this kind of debate. Instead of that, we must spend some time unpicking the spin.

Let me begin with the Chancellor's announcement that he is handing an extra £34 billion to schools. Of course, that got fantastic headlines, but the figure is based on adding up all the capital spend over the next five years, with many of the announcements having been made prior to the Budget. The extra amount in each year is actually just £1.6 billion, representing the rise from the planned £6.4 billion for 2007–08 to just over £8 billion in 2010–11.

Then there is the impressive-sounding pledge to increase spending on state school pupils to the level spent in private schools, which, as the hon. Member for Havant (Mr. Willetts) pointed out, the Prime Minister promised to do some time ago. But there is no timetable for closing that spending gap—it is a vague aspiration. If Liberal Democrat Members expressed such an aspiration, the Secretary of State would accuse us, with some enthusiasm, of making ludicrous and uncosted spending commitments, yet the Government seem perfectly happy to express such aspirations. The pledge is to raise state school spending, at some future date, to the level of today's private school spending. That is a big enough task in itself. According to the Institute for Fiscal Studies, it would, even after the announcements in this week's Budget, require an extra £17 billion on top of planned spending. That would take 16 years to achieve if spending grows in line with the growth in the economy. Even then, it will not close the gap with the private sector unless the private sector does not significantly increase its own spending over that period. I suppose that we must at least be grateful that these myths were exploded within 24 hours, in contrast to the myth about the spending on school science labs, which took rather longer to decode, as the hon. Member for Havant pointed out. Such claims are unhelpful and breed cynicism.

Michael Connarty: I would not like to accuse the hon. Lady of trying to debunk a promise on the basis that it is good for the Liberals but does not reflect the Government's position. The hon. Member for Havant (Mr. Willetts) quoted the Prime Minister as saying that we will narrow the gap. The Chancellor said in his Budget that we will do away with the gap and match spending on public sector students to the level in the private sector. I should have thought that that is a significant move forward. I certainly welcome it and I hope that the hon. Lady will do so without being churlish.

Sarah Teather: I think that the Chancellor actually said that he would match the level of funding to that of today rather than talking about the gap. As the Secretary of State said earlier, there is no timetable for narrowing that gap. It depends on the rate at which private sector spending increases.

Despite the spin and nonsense, the Budget contains genuine bonuses and good proposals for education with which I wholeheartedly agree. I shall highlight a few of those, because it easy for us to spend a great deal of time castigating the Government about things that we disagree with.

First, let me highlight a proposal that nobody else has mentioned and that is unlikely to gain any headlines, spun or not, but which is none the less welcome—that is, that we should move towards a simpler and less burdensome assessment of research in our universities. We will need to look at the detail of that. However, it seems eminently sensible to move towards a metric system in place of the existing research assessment exercise and to run the old system in conjunction with the new. That is likely to be welcomed by all, especially universities. We look forward to the Government clarifying those proposals.

Secondly, the Budget includes a genuine acknowledgment of the depth and scale of the problem of the shortage of specialist science teachers. Although that is rather late, as it comes 18 months after Professor Smith's report, it is welcome, as are some of the proposals. Liberal Democrat Members have for some time pointed out that it will not be possible to fill all the gaps in the system merely by recruiting new specialists, and that we must also invest in retraining teachers currently teaching in areas outside their own specialism. We made an election pledge to do that in our 2005 manifesto. The Budget announces pilots to begin that process. We look forward to the results of those pilots. I urge the Secretary of State to extend the scheme to language and English teachers, where there is also a critical shortage. I am pleased that the Government have acknowledged the shortage of specialist science teachers, particularly in physics and chemistry. The Institute of Physics and others have called on the Government to break their target down for recruitment to identify those areas of specialism in particular, and it is welcome that they have done so.

The detail of the commitment to recruit, retain and retrain new specialist teachers remains unclear, as the hon. Member for Havant observed. Will there really be 3,000 new teachers, as reported by the press, given that the detail is not in the Budget papers? If so, what steps are the Government taking to entice people into teaching and to prevent them from leaving? Last year, they missed their own target for recruiting specialist science and maths teachers—and, indeed, specialist language teachers, where they fell short by a greater amount. What new activity are they proposing to ensure that they reach this target? Surely they need to look at this as part of a general problem with recruiting and retaining highly qualified teachers. We have a critical shortage of head teachers and, despite six-figure salaries being offered, many posts lie empty for extended periods. The Government need to get to the bottom of why so many people do not want to do the job. I suspect that when they ask teachers and teaching unions why schools find it so difficult to recruit highly qualified teachers, they will find that, despite the spin in the White Paper about freeing up schools, it is teachers who are

[Sarah Teather]

desperate to be freed from the endless edicts from Whitehall and want far more freedom to teach a curriculum that meets the needs of their students.

The money allocated to personalised learning is welcome, but the details of how it will be allocated are not clear, and I would be grateful for the Minister's clarification. John Dunford from the Association of School and College Leaders has described the current system for targeting extra funds on disadvantaged students as spraying funds around like Dick Cheney on a quail shoot. He points out that money is failing to reach the most disadvantaged students, with some schools doing comparatively well despite the fact that they are in low-performing areas. It is not clear from the Budget documents or from previous announcements whether the Government intend to target money based on data surrounding schools or on deprivation figures for the local authority. We urge the Secretary of State to go further and consider targeting on the basis of individual pupils. We are examining the detail of how such a scheme could work in practice. It could absorb many of the existing funding streams for disadvantage and focus on underachievement as well as on disadvantaged students, no matter what school they study at, to give a greater incentive to take those students and to provide the support that they need.

I am sure that the Secretary of State will agree that what would make the most difference in this respect is smaller class sizes, with very young children being the most important age group. That is why we would like class sizes for infants to be reduced to 20. We accept that it is an expensive commitment, so we would want to use the money allocated to the child trust fund to pay for it. We believe that it would be more effective to invest money in a child's education at five than to give them something that they can cash in when they are 18.

I have mentioned some of the proposals that I welcome and others where I disagree with the Government's focus. Let me conclude by saying a few words about some glaring omissions as regards the proposals on further education. I had hoped that they would be clarified by today's White Paper, but that is not so. The greatest disappointment in the Budget, and indeed in the White Paper, is that while it repeats the earlier aspiration of closing the funding gap between schools and colleges for the same provision, there is no timetable and no concrete commitment to achieving it—it is another uncosted aspiration. The young people who study in FE colleges are disproportionately from less affluent backgrounds, and each is short-changed by about £400 a year.

The White Paper contains some welcome warm words about a new set of principles for funding 14-to-19 learning such as laying out comparable funding for courses irrespective of institution, recognising genuine costs and advocating an approach that should not limit students' choices. However, the task has been hived off to a technical funding group and I am worried about how much will get implemented and over what time scale. Students and colleges need these changes now. Programmes such as the increased flexibility programme are not funded to the level of true costs, with many colleges, including the College of North West London in my constituency, reporting that they subsidise the programme heavily, with a dramatic impact on courses in other areas. The Government cannot push on with an agenda of contestability and rely on the good nature and social justice ethos of colleges without adequately funding them.

If we are looking for a place from which to squeeze money, perhaps the Learning and Skills Council should be a prime target for cuts. I welcome statements in the Budget about slimming down that obese organisation, but its costs are astronomical. They run at more than 10 times the costs of the equivalent body in higher education. The LSC is a bureaucratic monster, unaccountable to local people, barely accountable to Parliament and unpopular with colleges. The Government should take a firm hand with it. One of my favourite idiot edicts from that organisation said that science and maths courses should be a low priority in London and proposed that colleges should cut them. Thankfully, it appears to have seen sense, but that is indicative of an organisation that is grossly out of touch.

The new first level 3 entitlement up to the age of 25, which is included in the Budget, is welcome and has been our party policy for some time. However, the allocated £25 million looks likely to cover only those already paying for the course. Given the statements of the Chancellor and the Secretary of State about the importance of that qualification to the economy, will the LSC be charged with recruiting more students to study at that level? If so, where will the money come from? Are colleges expected to take it from existing adult provision and cut that even further? We already have a crisis in adult provision, not only in basket-weaving or underwater swimming, but in core courses, which are vital to the economy.

The Budget announces the roll-out of the train to gain programme, but the Government do not seem to have taken account of the IFS report, which said that the scheme had little if any impact in the pilot areas because those who trained under the pilot scheme—the national employer training programme—would have done so anyway. What changes have the Government made to the scheme to take account of the IFS evaluation? They cannot bleat about the importance of evidence-based policy if they choose to ignore evidence that is presented to them.

The Budget contains some welcome proposals, marred by the usual dodgy statistics and over-inflated claims. However, it also contains some glaring omissions in policy areas that specifically target under-achievement in the most disadvantaged groups. If it had a school report, it would read, "Not bad, but could do a lot better."

7.12 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): In the short time available, I begin by saying that, in 10 minutes, I shall probably appear to be rather negative about the Budget, but I shall try to be balanced. The hon. Member for Havant (Mr. Willetts) has already given a good advertisement for the independence of the Select Committee on Education and Skills by drawing attention to the two recent reports on public expenditure as it relates to education. Every year, our Committee examines spending to ascertain whether it is good value for the taxpayer and whether we can have confidence in

the Government's assumptions. It is our job to be independent and objective and to tell the Government how we feel about the comparison between their statements and what they deliver.

Our report, which was published only two weeks ago, stated:

"The Government sets great store by stability of funding; it needs to ensure that budget holders across the education sector are aware that funding will not rise at a significant rate over the next spending review period and beyond."

We pointed out that it appeared as though health spending had not only overtaken education spending as a percentage of gross domestic product but that that trend would continue. That was our view until only two weeks ago.

Listening to the Budget debate and the remarks of the Chancellor of the Exchequer made me think that we had reached the right conclusions based on the evidence that the Secretary of State and the permanent secretary—who has now moved to the Home Office—presented to the Committee. The Chancellor made a range of commitments last week and it is our job as a Select Committee to track whether the Government follow them through. We will monitor that progress carefully.

After consulting some of the usual suspects, who immediately analyse the Budget figures, one expert from the London School of Economics suggested that, if one took the Chancellor's commitment to make expenditure of £5,000 a year per state school pupil catch up with the independent sector's £8,000 a year per pupil and timed it for five years, it would cost between £17 billion and £20 billion. If that is the case, it would mean a genuine increase in education spending across the piece, perhaps overtaking health expenditure to account for approximately 7.2 or 7.3 per cent. of GDP.

I warn the Government that we have a job as a Committee and when the Secretary of State appears regularly before us to discuss the Department's work, we will ask her how far she has got on spending between £17 billion and £20 billion and reaching the education funding target of 7.2 per cent. of GDP. The Chancellor must have known what he was doing last week and we therefore take comfort in the fact that we have a Government who have reasserted their commitment to prioritising education spending.

Some discussion about the personalisation agenda has already taken place. I intervened on the Secretary of State because I wanted to ensure that we were clear about the figures for that, and that those that she used did not constitute the total amount that would be spent over the two years but built on what had already been promised as spend. I was reassured by her response and I am pleased with the amount. However, I ask her to check regularly to ascertain that the money flows to fulfil the personalised agenda. Our Committee is in the middle of considering special educational needs and some of the most deprived—in every sense of the word—members of our community. Those people need the greatest amount of personalisation and we must get that right.

Our debates are sometimes taken out of context. We often evaluate a Bill in isolation. I heard some colleagues discussing the new education measure out of context, as if it had nothing to do with the Children Act 2004 or "Every Child Matters", which works towards transforming our education system and the way in which we view children. As we move on with policy, I suspect that we will be conscious that the joined-up government that we now apply to under-18s must apply much further through the age range, especially for special needs.

We shall call the Secretary of State to appear regularly before the Committee to discuss science in schools. It worries all of us that, in the past 10 years, there has been a 20 per cent. decrease in students who study physics, a 34 per cent. decrease in those who study chemistry and a 32.4 per cent. decrease in those studying engineering. That is a serious decline. I appreciate that the Government have invested money in some of those programmes, as my hon. Friend the Member for Norwich, North (Dr. Gibson) mentioned. However, the situation is grave and applies not only to the UK, but to most countries in the developed world. It is not a problem in China and India, and that is worrying.

Perhaps the most worrying figure in the Budget was the 3,000 extra science teachers. I have combed through all the relevant documents and I cannot find the money for that. I am sure that the Secretary of State will assure me that the money is there. I want to celebrate 3,000 extra science teachers because I know how urgently we need them. Is the money for them part of the £18 million announced to support teaching and learning in school science? If so, that amount just sounds a bit small.

As Chair of the Select Committee, I would be neglectful if I did not welcome what I see as the adoption of most of the recommendations of the Foster report in regard to personalisation, to science and to further education. In some areas, the Government have gone beyond the report's recommendations. Much of the further education sector, in wanting to rebuild, wants to have a stake in the 21st century so that the kids in the sector can feel good about their environment. However, many representatives of the FE sector have a problem with borrowing the money and ensuring that they can pay it back over 20 or 25 years. The truth of the matter is that they are a less certain bet for the financial institutions in the City than are the academies.

I also welcome the change in the research assessment exercise, but I urge the Secretary of State to be careful to get it right, because this is very important to our higher education sector. Yes, there is great discontent with the research assessment exercise—my hon. Friend the Member for Norwich, North conducted a very good inquiry into that issue when he was chair of the Science and Technology Committee—but if we get it wrong it would upset the whole of our research effort in British higher education. We have so much to be proud of in terms of the investment that the Government have put into it over the past few years, so the message is that we are very encouraged and we could return to being the top spender on research. Let us just make sure that the Chancellor's currency is good tender at the local banks.

7.21 pm

Mr. Bernard Jenkin (North Essex) (Con): I want to focus not so much on education but on the Chancellor and his Budget as a whole. While not quite a personal manifesto for his leadership campaign, his Budget speech gave us a vision of what Britain would be like

[Mr. Bernard Jenkin]

under his premiership. He told us what he thinks about the key challenges that Britain will face in the coming years, and we now know exactly what to expect from his Government, with an emphasis, above all, on extending the power of central Government that he will control. I came away from the House after his speech with a feeling of alarm about Britain's ability to deal with the key challenges of this new century and about our long-term prospects as a major economic power.

The Chancellor's strategy for this country appears to have been devised as though Britain were still in the 1970s and still competing with a handful of high-cost west European powers. We need to be clear about this: Britain is entering a period of unparalleled global change and competition. The Government, and especially the Chancellor, like to refer to global opportunities. That is right: the rapid economic development of places such as China does offer unparalleled opportunities for Britain. But those opportunities will become threats if the Government continue to ignore the way in which the rest of the world is developing.

The hon. Member for Huddersfield (Mr. Sheerman) has just celebrated the ever-rising level of public expenditure. I should like to explain how that might not be the answer. We have grown used to facing competition from low-cost countries in lower-skill industries, but we shall increasingly find ourselves challenged right across the board as emerging economies begin to produce highly skilled, highly educated, cheap-to-employ graduates. There will be an increasing number of attractive alternative destinations for major business investment, and a country with an uncompetitive economy, and with high taxes and regulation, will lose out. Soon, Britain's problems will shift from retaining low-tech manufacturing to retaining high-tech manufacturing and even financial services and research and development centres. Britain needs to focus above all on ensuring that our economy remains competitive by keeping costs down and on ensuring that our education system is producing intelligent, highly skilled young people who will be able to compete with the brightest and best that other countries are producing.

Unfortunately, the Budget speech does nothing to address these issues, despite its rhetoric. Reference to 4 million overseas graduates being invited here to be educated does not address the fundamental problems that our economy faces. For a start, the Chancellor has made no commitment to reducing the British tax burden in either the short term or the long term. Instead, he proposes to increase tax again. Indeed, he boasts about the fact. As my right hon. Friend the Member for Witney (Mr. Cameron) pointed out on Budget day, we are therefore still on course for having the highest ever tax burden in Britain, overtaking the tax burden of low-growth Germany. Predictably, the Chancellor has also ignored the direct pleas of the main business organisations to reduce corporation tax. There is a clear trend elsewhere in the world to reduce corporation tax, but that requirement does not appear to trouble him at all.

It is bizarre to believe that we can compete against the rising economic powers in Asia with our current taxation system when it is obvious that we cannot. It is all very well to take credit for the rise in gross domestic product per head, relative to other countries, but that is in the past. We must look to the future. Britain is beginning to fall down the league tables of international competitiveness from which the Prime Minister used to quote so regularly when he was Leader of the Opposition. According to the Economist Intelligence Unit, Britain has fallen from second to eighth in the global competitiveness rankings since the Chancellor took control of the economy in 1997.

The Chancellor's strategy will fail. Every year, Britain will continue to become less competitive, and he will delay taking the decisions necessary to meet the challenges of this new century. Of course economic stability comes first, but we have to reduce the tax burden as a proportion of national income so that Britain can once again become the most attractive place for business investment.

The Chancellor seems to think that, however much he raises taxes, it has no impact on incentives, on the health of the economy or on competitiveness. That is wrong, and we should not make the same mistake as the Government by assuming that we can reduce taxes only by the amount that we cut spending. That is the myth peddled by the Government; it is not true. In Ireland, for example, taxes have been reduced, yet tax revenues have increased. Let me quote the EU Commissioner for the Internal Market and Services, Charlie McCreevy, who used to be Ireland's Finance Minister:

> "Back in the late 1990s when, as Ireland's Minister of Finance, I started cutting taxes, many people feared that the loss of revenue to the Exchequer would be massive and that the policy would have to be abandoned. But the opposite happened. Far from the policy causing an erosion of the Exchequer's revenue stream, reduced tax rates generated higher economic activity, greater taxpayer compliance and a surge in the tax take for the Exchequer."

That is the policy that my right hon. and hon. Friends on the Front Bench will be pursuing and why, under a Conservative Government, we will spend more on the public services than a Labour Government will ever be able to afford.

We can begin to reduce our tax burden very quickly by significantly cutting down on waste rather than on front-line services. Everyone knows that the Government are mired in waste. No doubt the Chancellor will claim that the Gershon review will reduce waste and improve efficiency—it has certainly confirmed that the waste is there. But it is becoming more and more obvious that the review, with its limited ambitions, is a public relations stunt created so that the Government could pretend to be doing something about waste and declining public sector productivity, when in reality they are doing nothing at all.

The amount of regulation on business needs to be drastically reduced, including the vast amount of regulation that pours out of the European Union, which the Government seem to do virtually nothing to halt. Indeed, the notorious Legislative and Regulatory Reform Bill would give the Government unprecedented powers to overturn or repeal any Act of Parliament that affects domestic legislation, but it would do nothing to address the problem of EU regulation, which the Chancellor himself says accounts for more than 50 per cent. of the regulatory burden on business.

It is right to put improving education at the heart of any economic strategy, but simply throwing money at the problem, which might earn the Chancellor cheers on Budget day, will not sort it out. We need meaningful reform of the system so that pupils leave school with a proper grasp of maths, science and English, which they need for the modern world. Free A-levels up to the age of 25 is all very well, but a mere drop in the ocean when it comes to the UK's real competitiveness. Over time, it will become increasingly evident that the Government's strategy will not be sufficient to deal with the challenges of the 21st century.

Are we facing an immediate economic disaster? I doubt that there will be a single devastating event that highlights the Government's mistakes, but we will see, and are seeing, a long, steady period of eroded competitiveness and relative decline. The Chancellor readily quotes our growth performance against slow-growth countries such as France and Germany. But what about Portugal, Ireland, New Zealand, Canada, Australia and the United States? All those countries have mature economies, like ours, which are performing much better than ours. We should be competing effectively against them, but we are not doing so. We will simply not be able to carry a tax and regulatory burden that makes it difficult to do business here, and a dysfunctional education system that cannot produce enough well-educated and capable school leavers.

John Bercow: If the Government believe, as they claim, that selection within schools through grouping and setting can be a spur to improved economic performance, why are Ministers not prepared to invest some political capital into the process by issuing proper guidance?

Mr. Jenkin: We know why. This Government are paralysed by their internal splits and needed the votes of Conservative MPs to secure a majority to get their Education and Inspections Bill through.

We know the scale of competition that we will face in coming decades. The Chancellor pretends that he knows. People should be increasingly alarmed by the prospect, for years to come, of this Government implementing the sort of policies that are in the Budget, which fail to tackle the problems that need to be addressed.

7.32 pm

Mr. Stephen Byers (North Tyneside) (Lab): I draw the House's attention to my declaration in the Register of Members' Interests.

The Chancellor's statement last week demonstrated the extent to which economic stability has now been embedded in our country, in stark contrast to the situation that constituents such as mine witnessed in the 1980s and early 1990s. From that position of economic strength, we can plan ahead with confidence for the challenges that this country faces—and we face several new challenges. I want to deal with the pensions challenge, which will need to be considered in the near future. In my view, it is perhaps the biggest challenge that we face as a country. Two distinct but linked issues must be considered. First, how can we come up with a set of proposals that will offer security and dignity for today's pensioners; and, secondly, how can we construct a new regime that is fair, affordable and sustainable for the pensioners of the future?

The Government already have a good record with regard to pensioners. When we came into office in 1997, we were acutely aware of the way in which pensioners had been let down by the Conservative Government. In 1997, one in four pensioners—2.8 million—were in poverty. It was therefore right that a top priority for an incoming Labour Government had to be how to get money quickly to those pensioners to lift them out of poverty. We used the minimum income guarantee and, more recently, the pension credit to target resources and ensure that those pensioners were taken out of poverty. We were successful. As a result of those policies, nearly 2 million pensioners have been lifted out of poverty.

Of course, all pensioners benefit from and welcome some of the universal provision that we have exceptionally made available—free television licences for the over-75s and the winter fuel payment, well regarded by pensioners throughout the country—*[Interruption.]* I will come to the council tax rebate in a minute. The challenge now is to achieve a national consensus on the way forward for tomorrow's pensioners and, at the same time, to give today's pensioners the security that they deserve, which, in my view, this Government should continue to deliver. Affordability and sustainability must be at the heart of our consideration.

We must also be aware, however, that because of the way in which pensions policy has developed, with which I agree, and because the benefits that we provide are means-tested, a large amount of money is unclaimed by pensioners—money to which they are entitled and which the Government have allocated for pensions. The Department for Work and Pensions produces a useful example of the levels of take-up across a range of income-related benefits. The latest figures relate to 2003–04. I want to take the lowest estimate of unclaimed benefits—some estimates would be even higher. A minimum of 210,000 pensioners do not claim housing benefit to which they are entitled, which amounts to some £310 million. A minimum of 1,600,000 pensioners who are entitled to council tax benefit do not claim it, which means that at least £870 million of council tax benefit is unclaimed by pensioners. On the lowest estimate, 1,200,000 pensioners do not claim pension credit and the minimum income guarantee, which amounts to £1.6 billion.

That is money that the Government have put aside for pensioners. If we take those three benefits together, £2.8 billion is unclaimed by pensioners. In terms of affordability, that money could be made available to pensioners. The total cost of the £200 council tax rebate is £800 million, and we should use some of the unclaimed money to support a continuation of that rebate for pensioners.

Mr. Jenkin: I am listening carefully to the right hon. Gentleman's speech. I question whether the Chancellor does not budget for a shortfall in the number of claimants of means-tested benefits. However, has not the right hon. Gentleman made the strongest arguments possible against the continued extension of means-

[Mr. Jenkin]

testing, for which his Government have been responsible, and in favour of the application of universal benefits for pensioners, which they very much prefer?

Mr. Byers: That relates to what will be my next point, on a fair deal for the pensioners of tomorrow.

We must do all that we can to make sure that pensioners claim unclaimed benefits. We all know the nature of pensioners, however—they are reluctant to go through a means-tested process, so those sums are unavailable to them. If we can make them available for universal provision—of which the £200 rebate is a good example—we should do so. However, almost £2.8 billion is unclaimed, so we should also consider those pensioners aged over 75, many of them women, who do not get the basic state pension. We all know that the age group with which we are concerned will have been at home and will not have paid their national insurance contributions—the pensioners in poverty today. If we can extend universal provision to them, at a net cost of £1.4 billion, we will tackle what is left of pensioner poverty in our country. We can do both of those within the amount of money unclaimed at present.

I accept that there is real concern about the nature of means-tested provisions. I approve of the approach that we have adopted since 1997, which ensures that money goes quickly into the pockets of pensioners in greatest need. However, it was never a long-term solution to the problem of establishing a fair pensions regime. Some of my friends here will be surprised to hear that I agree with Brendan Barber, general secretary of the Trades Union Congress, who said:

"You cannot build a long-term pensions system on mass means-testing of pensioners".

I do not think that, when we come to consider a new regime for pensions, we can continue as we have since 1997. There cannot be minor adjustments to the present regime, or incremental change. We need to think fundamentally about the sort of pensions system that we want for the future.

I think that the tests set out by the Secretary of State for Work and Pensions are the right ones. Does the new system promote personal responsibility? Will it be fair? Is it affordable? Is it simple? Is it sustainable? I believe that, along with the recommendations of the Turner commission, those tests strike the right balance between the respective responsibilities of the Government, employers and employees. That is why I approve of the package produced by Adair Turner.

I hope that when the Government produce their White Paper, they will be prepared to embrace the thrust of Turner's recommendations. In my view, the Turner report provides the blueprint—the package of measures that can deliver fairness and justice for pensioners long into the future, which is what we should be seeking.

Mr. Andrew Love (Edmonton) (Lab/Co-op) *rose—*

David Taylor (North-West Leicestershire) (Lab/Co-op) *rose—*

Mr. Byers: I will give way only once, to my hon. Friend the Member for Edmonton (Mr. Love).

Mr. Love: One of the issues sidestepped by the Turner commission was that of the subsidy given to pensions, which is concentrated massively at the top of the pension range. Has my right hon. Friend any view on how it could be redistributed to help those in need?

Mr. Byers: I take my hon. Friend's point, and I have some sympathy with it. I hope that the Government will not duck that issue, among others, when the White Paper is published. I hope that they will take it on and that when we talk about a fair and just system for the future that is affordable and sustainable, they will consider issues such as tax relief. That is one way in which we can secure a system that is grounded in fairness, which is what we must try to achieve.

I raised this subject today because I believe that the Labour party, in particular, cannot compromise on its duty to pensioners. We owe them a responsibility—a responsibility grounded in the traditional values of the Labour party. The Labour party is about ensuring, and recognising, that we can achieve far more when we act together than we ever can as individuals. Pensions present a good example of the way in which the people of today who create the wealth should look after those who, in years gone by, have provided for our country in good as well as more difficult times. It is for the Labour party to repay its debts, and I believe that a pensions policy based on the thrust of the Turner proposals represents a very positive solution.

Let me make a final comment on the Budget. I was delighted that the Chancellor reaffirmed the commitment to the eradication of child poverty by 2020, and the commitment to halve the number of young people in poverty by 2010–11. He proposed increases in child benefit and more help to get single parents into work, lifting another 300,000 children out of poverty. That will make an important contribution, but we need to do more. We can build on that proposal, but the important message of the proposal and, indeed, the Budget is that we cannot have a strong economy if we have a weak and divided society.

This Budget and this Government are committed to social justice and wealth creation working alongside each other. Long may that continue.

7.45 pm

Peter Luff (Mid-Worcestershire) (Con): It is a pleasure to follow the right hon. Member for North Tyneside (Mr. Byers), just as I followed him around India a few weeks ago. I found rather more in his speech than I expected with which to agree, although I did not think much of his opening remarks. He knows as well as I do that the stability we now enjoy is a product of the hard-won supply-side reforms of the 1980s and the economic policies of the early 1990s, and that the pensions crisis of which he rightly spoke is entirely the making of the present Government.

I want to discuss two themes that are central to the Budget, education and international competitiveness. They are linked by the key theme of the skills that we need to make the United Kingdom fit for purpose in the 21st century. I will not succeed in saying all that I hoped to say in 10 minutes, but I have been helped by two excellent speeches—by the hon. Member for Brent, East (Sarah Teather), who spoke of the skills issues that face

our country, and my hon. Friend the Member for North Essex (Mr. Jenkin), who spoke of the challenges of globalisation and the response that we should make.

I wish to make three key points, the first of which is local. Worcestershire schools suffer monstrous discrimination, and the Budget does nothing to change that. The second is national. As the hon. Member for Brent, East said, the Chancellor was right to emphasise the importance of skills and education, but I doubt that his approach is radical enough to rise to the challenge. The third is international, and relates to what was said by my hon. Friend the Member for North Essex. The country has not yet woken up to the challenge of globalisation and, I fear, is sleepwalking complacently towards mediocrity.

My conclusion is that the Budget does some sensible things and many foolish ones, such as introducing retrospection in inheritance tax rules and causing massive inconvenience by bringing forward the date for completion of income tax self-assessment forms. It simply does not match the scale of what is happening in the wider world: as I have said, it is a Budget for mediocrity, not excellence. It is a Budget of councils, reviews, consultations and even national debates, but not of the action that we need in order to take on the world.

Why is that? The Chancellor fails the test of the greatness to which he aspires because he is a compulsive meddler. He also thinks that he knows how to spend our money better than we do. His dogmatic insistence that the growing levels of public spending—or investment, as he mischievously describes it to make it sound even more virtuous—are compatible with our country's international competitiveness is simply wrong. We should be sharing the proceeds of growth between increased spending on public services and tax reductions, as my right hon. Friend the Leader of the Opposition rightly proposes.

I am afraid that, for all his fine phrases, the Chancellor is not a big-picture man. He is a micro-manager, and micro-management often makes life very difficult for business. It sometimes brings disaster in its wake for enterprising companies. Let us look at what the Chancellor has done to Evesham Technology in my constituency. There is a long letter on his desk—I hoped to quote it at length, but I have not enough time—from the finance director. In his persuasive letter, he says that the home computing initiative

"relies on this exemption"

—from income tax—

"launched a mere 27 months ago in a blaze of publicity by Patricia Hewitt."

It has gone.

"It took from January until June 2004 for the model"

—for delivery of the system—

"to take shape with the creation of HCI compliant documentation, marketing materials, web sites, order entry portals etc and the first real revenues . . . did not start flowing until July 2004.

In May 2005, due to the changes in the Consumer Credit Act, the documentation had to be redrafted and further legal costs incurred."

The scheme was successful, however, so Evesham Technology

"invested over £100,000 in new printing equipment . . . £50,000 in display equipment"

to demonstrate it, but both investments are worthless today.

The tragedy is that the company was

"in the final stages of implementing a new manufacturing line to assemble LCD monitors in the UK. That investment and the jobs it would have created is now extremely unlikely to happen."

The Chancellor's micro-management is to blame—constant, endless tinkering with the tax system, instead of the stability that we crave.

My other local point relates to education. I am a reasonable man and I freely admit that school spending has risen sharply under this Government. Capital investment is higher that it was in 1997—owing, of course, to the golden economic inheritance of this Government, which I hoped would have provided a Conservative Government with the same ability to increase expenditure on education. I welcome what has happened, but I do not welcome the way in which Worcestershire pupils are being left behind in spending per pupil. I complained about that under Conservative Governments in the past, but it has become worse under this Government. In 1997, the cash gap between funding per pupil in Worcestershire and the national average was £150; now, it is more than £400, and it is a whopping £840 in the case of neighbouring Birmingham.

Given that the new Secretary of State for Education and Skills was educated in Worcestershire and that the Minister for Schools is a Worcestershire MP, I thought that things might get better, but I was wrong. Their plan for the next two years is for Worcestershire again to have below-average increases in funding per pupil, thereby making a difficult situation worse. What is more, if I have read the Red Book correctly, propositions for the distribution of funding as listed in paragraph 6.58 mean that local education authorities that already get high funding levels will get still higher ones.

I have wondered why that should be so. Why should this discrimination against my county continue? I thought that perhaps those in London just did not understand the scale of urban and rural deprivation in my county. Perhaps they view it as some rural paradise where affluent upper-middle-class parents send their children to fine private schools and live in large mansions and farmhouses, far from the gritty reality of urban Britain. Perhaps they do not understand the level of poverty and deprivation in Redditch, Worcester, Wyre Forest and, yes, in my constituency of Mid-Worcestershire. How else can we explain the bewildering paradox whereby we are considered too rich to get a decent amount of cash for our kids, and too poor to qualify for the area cost adjustment?

My suspicions were confirmed in a dramatic way by a presentation only two weeks ago, by Dugald Sanderman, joint head of school and LEA funding for the F40 group of local authorities. He chose to illustrate their funding needs through a picture of a large house in leafy Evesham—ironically, it is, I think, lived in by a Labour supporter—set against a background of tower blocks. In another picture, taken from a marketing brochure for the market towns of Worcestershire, the lovely sights of my constituency, which I invite every

[Peter Luff]

Member to come and see, are set against a bleak urban landscape. It took me just a few seconds on the internet this morning to find a house in Birmingham that would have served just as well as a counterbalance to that urban shot. It has six bedrooms, four bathrooms, four reception rooms, a reception hall with library, a gallery landing with seating area and a heated swimming pool, and is selling for £1.4 million.

That was the most dishonest presentation of the reasons for education funding distribution that I have ever seen. Dr. Goebbels would have been proud of it, and Dugald Sanderman should hang his head in shame for making such misleading presentations. It was of course Goebbels who said that if one tells a lie big enough and keeps repeating it, people will eventually come to believe it. I will not let this lie gain any ground. It must be squashed. We need a fairer deal and I hope that it will be forthcoming.

The hon. Member for Brent, East spoke well on national skills and I share her concern. I shall restrict my remarks to one simple point. Lord Leitch said at the time of his interim report:

"The scale of the challenge is daunting. Delivering current plans will be difficult. Even then, it will not be enough to supply the skills that employers, employees and our nation need in order to advance. The UK must become world class on skills—for all of our sakes."

Mr. Love: One great concern about skills training is where the funding will come from for a major expansion. If we look at who funds, and who benefits from, skills training, we see that employers are at the top of the agenda. Does the hon. Gentleman support the view that employers must make a greater contribution to skills training?

Peter Luff: I have come to the reluctant conclusion that co-funding of many aspects of our education system will become the norm, so the hon. Gentleman makes an important point. I do, however, favour a radical reform of the higher education and further education sectors—I hoped to have time to explain it tonight, but sadly, it is denied me—that would achieve both savings and better outcomes.

On international competitiveness, as I hinted, the Trade and Industry Committee recently visited India and examined trade and investment relations between our two countries, which are simply not good enough. Despite our strong historical link with India, we are losing ground. We will produce a report on this issue in May. India is but one of two large economies and a whole host of smaller ones that are lifting themselves out of poverty and on to the world economic stage. Our children will grow up in a world with three economic superpowers: the USA, China and India. Europe, never mind the UK, will be in fourth place at best.

Britain faces many urgent challenges if it is to address that threat, but if we are to maintain the prosperity that we are in danger of taking for granted, we need to do five things. We have talked about them endlessly, and the sheer repetition and tedium of doing so means that we might lose sight of their urgency. We have discussed the skills base, and our creaking infrastructure is taken for granted as being a problem; our regulatory burden, however, is not. The Chancellor keeps talking about his intentions—he did it again in this Budget. In its audit of the Chancellor's previous nine Budgets, the London chamber of commerce says that he pledged to cut red tape on 25 separate occasions, but that over the same period 27,569 new laws have been passed, averaging 9,216 pages of regulation a year.

Mr. Byers: I want, if I may, to take the hon. Gentleman back to the subject of India, about which I thought he was going to speak for slightly longer. Does he agree that there is great merit in UK universities establishing business schools that focus on India? We lack such schools, and the Indian high commissioner is a great advocate of such an approach. I should be interested to know whether the hon. Gentleman, as Chairman of the Trade and Industry Committee, feels that there is merit in that idea.

Peter Luff: I am most grateful to the right hon. Gentleman for that intervention and I am happy to agree with him yet again. We will be taking an additional evidence session from the higher education sector after Easter to explore precisely that point and others. We believe that that is one of the major missed tricks in our relationship with India in terms of offering India services, bringing Indian students to the UK and the whole gamut of such issues. The Government have been timid in their approach and a lot more could be done. For example, given that Indian students who come to Scotland can stay for two years and earn money to pay for their fees, why is it that they cannot stay in England at all? True, the right to stay is being extended to one year; however, why is there one immigration law for Scotland and another for England? Such issues need to be addressed to ensure that links between India and the UK are improved dramatically. I entirely agree with the right hon. Member for North Tyneside in that regard. I wanted to say a lot more about the HE sector, but time is against me.

The other issues that we need to address in facing the challenges presented by India and China include productivity, research and development, innovation and taxation. My hon. Friend the Member for North Essex was right to talk about taxation. This Budget marks the doubling in size since 1997 of the published tax code—from some 4,500 pages to approximately 9,000. Of course, that is on top of the growing burden of business taxation. The thresholds for corporation tax are unchanged; they have not even been uprated for inflation. Fiscal drag, one of the Chancellor's favourite stealth taxes, will increase the overall cost of doing business in the UK—at precisely the time when our major competitors are cutting their tax burdens.

So our skills are too low, our infrastructure is inadequate, our regulatory burden is too high, our productivity is inadequate and our taxes are excessive. One can see why the view that China and India compete with us only on price and that they are in some sense stealing our manufacturing jobs—or our call centre jobs—is a dangerous one for us to cling to. The challenge is far more profound than that. For example, twice as many engineering graduates leave Indian institutions of higher education every year as are employed in total in the Indian call centre sector. That is a real challenge that we have to face up to.

I hoped to say more about what I see as a declining work ethic in this country, welfare dependency, a client state, a lack of international enterprise and a failure of imagination on the part of our HE sector in respect of India, China and other economies, but there is not time. I summarise my views by quoting Jonathan Guthrie, who wrote the following in the *Financial Times* on 23 March:

"The Chancellor billed the Budget as a blow struck in the UK's battle to compete with such economic parvenus as China and India. But his rhetoric was undermined by a lack of measures to achieve this goal. Instead, Mr. Brown waffled on about loft insulation. The thought that British workers are increasingly snug during the winter cannot be causing too much panic among the tycoons of Shenzhen and Bangalore."

7.58 pm

Ann McKechin (Glasgow, North) (Lab): I am grateful for the opportunity to contribute to today's Budget debate. Clearly, today's theme has been education, but the Budget's overall theme has been how we cope with rapidly changing world circumstances.

I welcome the particular emphasis this year on climate change and the strong indication that this policy area will be further developed over the coming weeks and months. A number of Members have already urged the Chancellor to go further, and I agree with many of their sentiments. However, as my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) pointed out last week in a thoughtful and well-argued contribution, it is also necessary to reach as far as possible a general consensus both inside and outside this place on how we are going to make the necessary changes.

A recent poll about people's perceptions of climate change, carried out by the University of East Anglia, showed that a very large percentage of people—more than 90 per cent.—recognised that climate change was a major problem. But when asked who should deal with it, most pointed to multilateral institutions and to their own Government, rather than to action on the part of individuals. However, we know that we can make significant progress in reducing energy demand and, in turn, carbon emissions if we can greatly increase domestic energy efficiency and change entrenched daily habits such as the so-called school run.

Our Government clearly have a role to play in moving energy efficiency forward, not only by setting better standards in building regulations, as was done in the Budget, and providing lower tax rates for more energy efficient technology, but also at times by encouraging a different mindset in our citizens. I am reminded of the long, often fractious debate about smoking in public places. I observed the implementation of the ban in Scotland just yesterday; there was surprisingly little fuss and already a growing perception that the vast majority of the population, including the majority of smokers, now see the ban as a necessary step to better health for the country as a whole.

We need to expand the debate on climate change to all sections of our community, but we also need to accept that it will include making tough decisions, which is why I welcome the indexing proposals for the climate change levy. I hope that the Government will feel able to go much further both on vehicle taxation, especially as the relative cost of driving has gone down in recent years, and on aviation.

In the longer term, we need to consider a much larger expansion of congestion charging and investing more in the Cinderella of public transport—no, not cycling but buses. I am delighted that the national bus scheme for the elderly and disabled will be extended to England. As Members are aware, Scotland will start its scheme next month, although I hope we can manage to make sure that if senior citizens want to travel between Gretna Green and Carlisle, that will be included in the scheme. We already enjoy a free scheme throughout the whole of Strathclyde, which has made a tremendous difference to the quality of life for many of our senior citizens. Some ingenious journeys have been undertaken. I heard last week that two ladies from Kilmacolm in West Renfrewshire regularly take a bus via Glasgow to Campbeltown to buy fresh fish—a journey of more than 200 miles.

On a more serious note, greater use of buses by one section of our community will help to change the mindset about that mode of transport and will, I hope, also encourage younger generations to see its benefits for their daily journeys. I impress on the Government, however, that both in Whitehall and in the Scottish Executive we need to tackle the continuing problems caused by the deregulation of bus services, so that services are seen to be regular and reliable at all times of the day and night, to encourage greater use.

I welcome the continued support for microgeneration. We need to show long-term support for that industry if its market share is to grow to the extent that it becomes part of our everyday choice in providing energy for our local communities. Unfortunately, as I found recently, it is still difficult to purchase the right type of energy-efficient light bulb. If anyone has managed to buy the equivalent of a 100 W bayonet bulb, they are doing well because those bulbs are certainly not to be found in most shops.

We should be looking more widely at the construction of major developments. We need to reach a point where they create an energy demand on our national network as near zero as possible. There are some good examples that we can follow from this country and around the world, and we need to ensure that such provisions are fully integrated in our planning and building proposals. Today we heard the good news that wind turbines are being installed faster than predicted, which shows a real interest and keenness to pursue that market.

My second point relates to globalisation, which has already been broached by the hon. Members for Mid-Worcestershire (Peter Luff) and for North Essex (Mr. Jenkin). Our economy is heavily dependent on world trade, particularly in our services sector, so any rise in protectionist sentiments is clearly of concern. Symptoms of the problem are already evident in the current World Trade Organisation negotiations, which at best will achieve a much narrower set of agreements than was originally hoped. The underlying problem is a growing disconnection on a global scale between growth and employment creation rates. The UK's main strength over the last eight years has been to focus our principal priority on creating more jobs, but that picture has not been replicated elsewhere.

Various speakers have mentioned the growing markets in China and India, but although the Chinese economy continues to grow at 9 per cent. a year, the country has not reduced its national poverty levels since 2000. Despite the explosion of its export market

[Ann McKechin]

throughout the world over the last five years, the number of its people employed in manufacturing has reduced, so I suggest to Opposition Members that the Chinese may have to focus quickly on an increase in taxation and the creation of a vibrant and strong public sector if they are to deal with the vast number of urban unemployed that will face them in the next few years.

The consequences will undoubtedly affect us all, which is why it is crucial that at international level, whether through the EU, the International Monetary Fund or the World Bank, we consider how to align labour policies more closely with developments in trade, and ensure that we have the ability to react quickly to rapid change. That is why the specific measures announced on extending research and development support to medium-sized enterprises and the strong emphasis on supporting science at all levels is so crucial.

A number of those measures are specific to England, but the move to enable pupils to study three sciences at GCSE is sensible. There is growing concern about the small number of undergraduate students choosing science, and we need to reverse that trend. Last Friday I had the pleasure of opening new X-ray labs in the chemistry department of Glasgow university, and when I discussed that issue with the staff they said that they had no problem in recruiting students. The key to that was the fact that their four-year course allows students to specialise after their first year at university. The world of university science is very different from that of the school, and choices can be made better when students are following their university course.

Glasgow offers a good example of universities working together. Under the Westchem initiative, Glasgow and Strathclyde universities share their resources and offer a joint service to the private sector, ranging from BP to local small and medium-sized enterprises. As was pointed out earlier, there has been a considerable increase in investment, with new cutting-edge equipment that allows enterprises to compete at a global level. We need to make sure that such initiatives are expanded throughout the UK.

As the hon. Member for Brent, East (Sarah Teather) said, the Government have made radical proposals for university research funding—the new health research fund and changes to the research councils—and I would be grateful if my hon. Friend the Financial Secretary stated how the Government intend to consult the devolved authorities when working through those plans, to co-ordinate policy throughout the whole UK.

I commend steps to increase training for those with no or low skills. If we are to remain a competitive economy we need to ensure that everybody has the opportunity to move out of low-paid work. That relates particularly to women, who represent the vast majority of those in low-paid work. The equality agenda is also a prosperity agenda for this country, and I commend the Budget.

8.7 pm

Mr. Richard Spring (West Suffolk) (Con): It is a pleasure to follow the hon. Member for Glasgow, North (Ann McKechin), who made a number of telling points, picking up on the equally telling points made by my hon. Friends about globalisation and the dangers of protectionism, which is rising greatly in some parts of the European Union—greatly to the disadvantage of the competitive position of Europe overall.

It was interesting that the latest edition of *The Economist*, which has generally been favourable to the Government, has the headline, "Gordon Brown's Do-Nothing Budget". An article in the magazine stated that

> "there are worrying signs of deterioration . . . an unsustainable boom in consumption and the housing market . . . the economy toils under the growing burden of taxes and regulation that he has imposed".

I want particularly to deal with the latter point.

I think we would all agree that there is a certain imbalance in the structure of the British economy. The importance of the financial services industry has become utterly pre-eminent, as the decline in manufacturing and manufacturing employment has taken place in this country. The Chancellor has appointed a panel to look at the financial services industry—some great and good individuals who will meet somewhat infrequently—but our real concern, which we must really examine, must be that the burden of regulation does not become too oppressive in this country. Unlike manufacturing, which is difficult to move, it is much easier for the financial services industry to move to Shanghai, for example, to locate the headquarters of a bank. It is not only the tax regime that we have to worry about, but the regulatory burden.

In the past few years, a culture of regulatory self-protection has grown up in this country. Instead of appointing a panel, the Chancellor should have looked carefully at the functioning of regulation, especially across the economy and the vital financial services industry. There should be an additional, fundamental remit for the Financial Services Authority on competition and competitiveness. The FSA should have independent directors, principles-based direction and a moratorium on EU regulation, accompanied by mutual recognition of other regulatory systems.

The British Chambers of Commerce has expressed disappointment that the Chancellor did not produce specific targets across Departments for the reduction of regulation on business. After all, 2006 is meant to be the year of delivery for deregulation. The BCC argues that the cost of regulation has grown by some £50 billion since 1998. The Government have not sought an official measurement of the administrative cost of regulation imposed on business, which disproportionately affects small businesses. The obsessive micro-management that has become a characteristic of this Government is a beanfeast for lawyers and accountants.

It is worth remembering what the Labour manifesto said in 1997, which echoes the powerful point made by my hon. Friend the Member for Havant (Mr. Willetts) earlier:

> "The myth that the solution to every problem is increased spending has been comprehensively dispelled . . . More spending has brought neither greater fairness nor less poverty. Quite the reverse . . . The level of public spending is no longer the best measure of the effectiveness of Government action in the public interest . . . New Labour will be wise spenders not big spenders."

The irony of that manifesto commitment when set against this and recent Budgets cannot be lost on anybody.

The most extraordinary aspect of the Budget was that the Chancellor failed to mention the health service, which accounts for a huge part of the budget, even once. Indeed, the next day he was interviewed on the BBC, and when asked why he did not mention health, he said:

"I do not re-announce things in the Budget".

The Chancellor is not known for his sense of humour, but that is absolutely mesmerising. This Government are obsessed with re-announcing spending, and the Chancellor came into office double and treble-counting spending statistics. The truth is that health spending will rise by 2008 to some £94 billion out of £552 billion, yet there will be fewer beds in the NHS than there were in 1997, and despite that great spending, we have a massive spending crisis.

I do not wish to personalise any remarks directed at the Secretary of State for Health, who has an unenviable job because the NHS is a huge monolith controlled by Whitehall. However, as she has rattled out the endless statistics about the health service in the past few months, I have been reminded of Madam Ceaucescu announcing massive increases in potato production in Romania. The Secretary of State was interviewed yesterday on television, and said that the devastating cuts in employment in the NHS, the reductions in wards and beds and the hospital closures were all to do with improving patient care. It was like the Tsarina in pre-revolutionary Russia believing that everything was marvellous because the Potemkin villages had been put up—unrelated to any reality.

The truth is that the NHS has concentrations of real problems because of a funding formula that actively discriminates against parts of the country. In my constituency, for example, we have a per capita spend next year of £1,051. For the Prime Minister's constituency the figure is £1,442 and for that of the Secretary of State for Health it is £1,306. Even for that of the Secretary of State for Education and Skills it is £1,245. It is curious that all the spending has moved towards the urban parts of our country, especially the north. In the south we have devastation and cuts, with all the implications that flow from them.

Peter Luff: I am listening with rapt attention to my hon. Friend, but I would not like him to leave the House with the impression that only the south has a problem. The problem is rurality. I have done a lot of work on the health service funding formula, and it is clear that it discriminates against rural areas, wherever they are.

Mr. Spring: I accept that point, although I also recognise that the problem appears greater in the southern half of the country, even in areas of high population. That is exacerbated by the fact that the tremendous changes in the bureaucratic structures of the health service have played a huge part. If the Chancellor is to give out huge sums of money, they should be followed by changes in the organisation and structures of the health service.

Kitty Ussher (Burnley) (Lab): The hon. Gentleman suggests that the problems are worse in the south. Will he admit that in the past southern health trusts have overspent and been bailed out by northern health trusts, but we never knew that until the reforms had effect?

Mr. Spring: I invite the hon. Lady to visit my constituency and see the devastating effect of ward closures and the threats to community hospitals on the demoralised and upset staff, who are voting with their feet. The successive changes to the formula have moved funding away, linked with a lack of recognition of the age profile in certain areas. Of course the huge increases in spending need to be monitored, and that too is ultimately the responsibility of the Chancellor.

One of our local papers recently had the headline, "Staff exodus in NHS feared". People are leaving the health service because they feel so anxious about their jobs. The chief executive of my local PCT wrote in a local paper the other day that the PCT was "fully aware" of staff being stressed. There is no point in rattling out vast sums of money without recognising the devastating impact of the effect of the spending formula. It is causing real distress, and I dare say the Chancellor recognises that, which is why he left out any comment on a situation that is making headlines all over the country. People are desperately concerned about it. It is the price we are paying for not reforming our public services. The tax burden has increased, but we are not getting value for money out of the huge increases in the spending of taxpayers' money that we have seen in the past few years.

In conclusion, I shall return to how *The Economist* sees matters. It states:

"Mr. Brown's reversion to tax-and-spend, together with the ever-rising burden of regulation, is starting to do increasing damage to work incentives and business interests. The price for past excess, both by consumers and by the chancellor, will be future slower growth. As the feel-good factor fades, the politics of plenty will give way to the politics of austerity."

We know about the declining competitiveness and productivity and the effect of micro-management, and all its consequences for the wealth of our country. *The Economist* concludes:

"The chancellor was fortunate to inherit a strong economy whose public finances were improving sharply. If Mr. Brown's inheritance as prime minister is a weakening economy and a chronic budget deficit, he will have only one person to blame: himself."

8.19 pm

Dr. Ian Gibson (Norwich, North) (Lab): The Chancellor has obviously been spending his time at Cape Cod in Massachusetts to the benefit of this country by talking to people at the Massachusetts Institute of Technology about subjects such as innovation and the creation of new products and so on. He has brought that to this country in an interaction at Cambridge university with MIT, whereby young people can interplay between the two institutions on their courses, come up with new, bright ideas and show a way forward for international co-operation in research. Again, that is mirrored across the world, as we find that published papers on industrial and scientific matters include the names of people not just from one country, but sometimes from 12 countries.

A huge amount of interaction is going on. Academics are pretty good at knowing who is doing similar work, interacting with one another, deciding who is best at it and so on. I serve on a Department of Trade and Industry taskforce committee, and the Government are now considering which countries to interact with in different areas of scientific endeavour on everything from cancer research and health services to innovation and the development of various products.

[Dr. Ian Gibson]

The innovation agenda is not easy to carry out—it is a very complex process—and I want to concentrate partly on the education end of it. It is easy to have very bright young people making inventions, publishing information and getting it out into the world, but few countries have been able to turn what they find out into a product that is interesting and useful for society.

In this country, we talked for a long time about spin-out companies and we looked at those companies around Cambridge, Oxford, Newcastle, Manchester and Dundee. The figures show that this country has had more spin-out companies than anywhere else in the world in the past few years. There is no doubt about that, but the problem is that not one of them has turned into what we think of as a success: a big pharmaceutical company. Those companies are successes—they produce new products, such as vaccines and so on.

This may not be appetising to Opposition Members, but we should applaud the collaboration and interaction between this country and Cuba, which is developing various vaccines. There is now an attitude in this country, which has not been present for some time, that we should interact with those other economies to produce products not just for our own country, but for other countries as well. That is to be applauded, and the Government have been part of that approach.

As my hon. Friend the Member for Glasgow, North (Ann McKechin) said, we are doing something similar in the field of climate change, where new technologies are being developed—under pressure, of course, to bring down our CO_2 emissions, which is happening. Microgeneration and new homes with solar panels, as the Chancellor said, are very much part of understanding the science and technology engineering that is now available to improve the lot of not just our people, but people across the world.

All that is part of a magic paper produced by the Chancellor of the Exchequer, "Science and innovation investment framework 2004–2014: next steps", but it is not a blueprint. We are not saying that we will carry out a, b, c and d, right through to z. There are experimental areas where we can improve, but there is a recognition that has never been known before in my experience of politics in this country.

I spent my time as Chairman of the Select Committee on Science and Technology trying to find out who spoke on science and technology for the Opposition parties. I could never find anyone. They must recognise the problems associated with such issues, but the Government have recognised them for some time now and are putting more resources and effort into them.

Innovation is a complex process to undertake. One of the factors is a well-trained, highly motivated and well-funded scientific and technological work force in universities and in our science and technology-based companies, not just those in the pharmaceutical industry. All the issues that are involved in innovation could be described in their own right—that would take a long time—but I want to concentrate on one of them.

The hon. Member for Brent, East (Sarah Teather) talked about universities that have very many bright young people who think not just about innovation. I applaud that fact; curiosity-driven, blue-skies research is absolutely essential in creating an environment that takes people into a high-calibre university structure. This country's science and technology infrastructure is at a very high level, and it will improve over the years with Budgets such as this one and other resources.

Mr. Brooks Newmark (Braintree) (Con): Will the hon. Gentleman give way?

Dr. Gibson: I will not give way; I am bashing on.

When we talk about young people, the real problem comes from the research assessment exercise. Not only has that exercise made teaching less productive and something not to put as much effort into as publishing research papers and getting high grades and therefore the money, it has also effected the young people who are part of that process and employed on temporary contracts. I understand absolutely why young people do not want to go into science after university. They want to go into the City and elsewhere because there is no permanent career structure for them. I know that there is no permanent career structure for anyone—particularly, MPs, of course—but people are owed five to 10 years in a job to exploit and understand the areas in which they are interested.

Of course, the problem starts in our school system, where people are turned off science and do not want to study at our universities. I have talked about higher education, but this is also relevant in primary schools. Young people are interested in science; they are fascinated by it. They watch David Attenborough's programmes about the world. They want to go on field studies and see what the world is like. They want to talk about intelligent design—whatever that might mean—and compare it with Darwinism and so on. They want to talk about stem cells. There are many areas of fascination.

Ms Sally Keeble (Northampton, North) (Lab): I am glad that my hon. Friend mentions those programmes, but does he agree that that the problem is that the BBC shows them so late at night, at a time when most children cannot stay up to watch them?

Dr. Gibson: I thank my hon. Friend for that question. I would make watching those programmes compulsory in schools. The problem in schools is not a lack of interest among young people about science, climate change and so on. For example, there are a huge number of university forensic science courses. Forensic science is developing in our universities because of Amanda Burton on television. Everyone wants to be Amanda Burton, and there is no doubt about that when we see certain people in white coats who look much more glamorous than others.

David Taylor: My hon. Friend is making a powerful case about the potential of universities to do even more, but is he concerned, as I am, that it is more difficult for them to attract and retain high-quality lecturers? Attention needs to be given to university pay scales, certainly those of principal lecturers, because they have weakened considerably since I taught in higher education. We need to do something on that score, do we not?

Dr. Gibson: That is an absolute factor for many people, but many other people are in higher education not for the money, but for the fascination of finding out about the world, why things exist and where they came from. That excites young people, too, but they never get the chance to get their hands dirty doing practical work. Schools need high-flying lab facilities so that the teacher is not doing things for young people but young people are doing things for themselves. When young people find something out and want to find something else out and the teacher says, "You must carry on with what the curriculum tells you to do," that is nonsense. They should be allowed to develop and explore attitudes and phenomena for themselves. That is what is missing. The science and technology curriculum in British schools is rotten. That puts young people off, as well.

In that climate, is it any wonder, that teachers will be hard to get. Some of the students I taught used to say, "Oh well, I can't get on to a PhD, I can't do medicine, I'd better go and teach." We have got to change that attitude. One of the greatest things is for a person to be able to teach a class and inspire them. That is hard work and it may not be paid well, but, by gosh, when one meets students whom one has taught or young people whom one has gone into a school and helped—many people do that now—and one sees what they turn out like, it is wonderful. I even produced a Nobel prize winner. I do not know how. I must have said something interesting at one time, among all the mess and so on.

There is a real opportunity to be creative. I went to a dinner the other night with creative arts people. They were all making graphic designs all over the place—they were wonderful young people. I was furious because I want to go to a dinner where there are young scientists who are inventing things and getting rewarded for that with a free dinner and the odd glass of something.

We need to consider the regional development agencies. I am in a fantastic fight with one at the minute. Why is Norwich not a science city when there are six other such cities in the country where the scientific excellence is no better or worse than in Norwich? I will tell Members why: the person who runs the regional development agency in East Anglia was good at making crisps and is good at selling holiday homes, but knows absolutely nothing about science and how it can change the world for many people.

Mr. John Hayes (South Holland and The Deepings) (Con): In the few minutes that the hon. Gentleman has left, will he tell us why he thinks a smaller and smaller proportion of students are studying science and maths at A-level? That is causing a problem with the feed through to university courses and therefore a shortage of people to inspire a new generation. Will he also comment on the ratio of investment in science in universities? Often the investment levels do not allow universities to do the excellent work that he recommends.

Dr. Gibson: I thank the hon. Gentleman for those questions. That is absolutely true and that is why we have to put more investment in. More and more investment is going into schools for science. There are more labs being built. I think that £60 million has been spent during the past few years. The labs in private schools are excellent. There is plenty of money there. That is what we need. It is the same in universities, too: we need to put more money in and get more technicians and technologists, and not just high flying Nobel prize winners and so on. We have to change the whole ethos in our universities.

I finish on this note. Somebody said that nothing was being done on health. That is absolute nonsense. I have a copy of a document that is quite clear about health. It talks about creating a "world-class" environment for health research and development. It says that there will be a joint document and joined-up thinking in relation to the money for health and the Department of Trade and Industry. We are going to tackle health issues, including strokes and Alzheimer's. We are going to do the research and are going to be part of that world movement. There is a lot going on and the Government are part of that and are going to employ an independent person—a tsar—to make things happen. At last, we are going to have a joined-up health research and development budget.

8.32 pm

Stewart Hosie (Dundee, East) (SNP): I do not want to pour cold water on that wonderful speech, but I might bring Members back down to earth ever so slightly. The Budget was based on a 2 per cent. inflation figure. I know that the retail prices index basket has to include a large number of items to come to an average inflation figure, but my constituents on low and modest wages are paying council taxes at twice that rate. The petrol that they are filling their cars up with to go to work has increased at four times that rate. They are paying gas and electricity bills that are rising at 10 times the official inflation rate. The figure of 2 per cent. bears little semblance to reality for them. For some of the heavy energy users—the businesses in my constituency, which have seen prices rise by 100 per cent. in the past year or so—a 2 per cent. inflation figure is something of a fantasy compared with the 25, 26 or 27 per cent. surcharges that they are having to put on the cost of goods as they leave the factory gate.

The Budget was very thin. The Royal Bank of Scotland described it as "Heavy on Light Measures". It also analysed it as a modest "give-away" of some £380 million in the forthcoming year, with a net tightening of £740 million over the course of the next three years. That means that the Chancellor took 61 minutes to announce an adjustment of perhaps 0.07 per cent. of total receipts. However, even that RBS analysis masks the multitude of minor micro-management adjustments that were announced and further disguises the many omissions from the Budget.

One key omission was the lack of any significant measure to encourage more investment at home. The differential between investment from the UK overseas and investment from overseas coming to the UK was some £21 billion last year. It seems extraordinary that £3.47 billion of UK money was invested in UK offshore islands and some £6.27 billion was invested in Bermuda. Perhaps the Chancellor's biggest omission was his failure to consider a way of closing that gap to stop that £10 billion or £11 billion being parked—sorry, invested—in Sark and Bermuda.

[Stewart Hosie]

We also note that the pre-Budget report increased the tax in the North sea by some 25 per cent. Last week's Budget was an opportunity to redress some of that and to encourage the exploitation of heavy oil, which sells at some $10 a barrel less than other oils, in the central North sea. It could also have encouraged the development of new resources west of Shetland and exploration in the very deep waters west of Scotland. However, the Chancellor chose not to do that. Instead, through changes to taxation on blended oils, he actually grabbed £200 million. If that £200 million had been invested rather than grabbed, the Government could have removed the supplementary charge from tariff contracts to encourage the development of the small fields that are required to use existing technology, levelled the playing field for new entrants by increasing the extent to which unrelieved allowances are reimbursed, extended research and development tax credits to North sea activities, encouraged investment in heavy oil extraction and introduced a floor of $30 a barrel below which the supplementary charge would not apply. However, the Chancellor took the £200 million instead, and thus set back exploration and development and, potentially, threatened jobs.

Michael Connarty: As the secretary of the all-party offshore oil and gas industry group, I have to challenge the hon. Gentleman's assertions. The United Kingdom Offshore Operators Association made none of those points in recent meetings, but pointed out that this was a bumper year for profits for all people in the North sea. Of course it would like to have the money, but it is strange that the hon. Gentleman is pleading for the private companies. People would say that, when those companies make such a profit, they deserve to spend a little £200 million for public services.

Stewart Hosie: I am not a defender of big oil. I am here to defend jobs and future exploration. During my recent meeting with UKOOA, it made much the same point, but went on to say that some delay in exploration and development will occur as a result of the taxation that is being levied. I am happy to compare my meeting with UKOOA with the hon. Gentleman's at a later date.

Having made my points about oil, I acknowledge that there were things to welcome in the Budget, not least the joint study with Norway on carbon capture. As I have said previously, that will commence with emissions from power stations to utilise some of the 750 gigatonnes of capacity in wells in the North sea. However, if the Government were serious about encouraging the use of more renewables in the fight against global warming and climate change, the Budget would have been the opportunity to address an imbalance in connection charges, which are the single biggest financial obstacle to efficient, large-scale, offshore wind production of electricity as part of the UK's energy supply. It is ludicrous that generators can be subsidised by £8.20 a kW in the south of England, yet perhaps charged £24.89 to connect to the grid in the north of Scotland. That problem must be addressed if we are seriously to examine the massive potential for offshore wind and help to tackle climate change and global warming.

I said at the outset that the Budget was predicated on an inflation rate of 2 per cent, but it also seemed to be predicated on the massive expansion of public-private partnership schemes. Although those schemes might seem attractive to the Government right now in accounting terms, if they are anything like the scheme for the royal infirmary of Edinburgh, under which a building with a capital value of £184 million will end up costing the taxpayer £1.26 billion, I suspect that they will be far from cost-effective in the long run. Indeed, such schemes might burden future generations of taxpayers with a massive debt.

A Budget that is predicated on the expansion of such PPP schemes, in addition to selling off some £30 billion of assets, five-year borrowings of £175 billion and a 5 per cent. cut in departmental spending, is fraught with danger. It is doubly fraught if it is based on a 2007 growth forecast of between 2.75 and 3.25 per cent because the low end of that range is higher than the industry consensus. If the Government's forecasts on growth and the tax take are wrong—we know that they were last year—the economy could well be on a knife edge. We would be mortgaged to the hilt and massively in debt, with the family silver sold off. With spending forecast to rise by £25 billion, £26 billion, or £27 billion every year until 2010–11, public sector debt forecast to rise year on year to £610 billion by 2010–11 and the treaty debt calculation due to rise year on year to £700 billion by 2010–11, there will be no room to manoeuvre if any of the calculations are wrong. No amount of changing economic cycles or fiddling golden rules will hide that.

We welcome the announcement that the Office for National Statistics is to be made fully independent, but are slightly intrigued, given that the Chancellor, speaking to the Select Committee on the Treasury last March, denied that it was not fully independent in the first place. Indeed, he railed against the "unfortunate allegation" that the ONS was not independent.

The ONS must be truly independent, not simply to ensure accurate, robust and reliable UK figures, but to ensure that it collects the correct data so that we can do a proper assessment of the Scottish, Welsh, Northern Irish and English regional economies as well. That is vital, especially for us in Scotland. We recently identified three things for which English-only spending was attributed to Scotland. The numbers were simply fiddled and the accounts looked wrong. Those three things were the moneys that went to inward investment for England, to the English Tourism Council and to the English Prison Service. It was right and proper that all that money was spent wholly in England, and right and proper that none of it was spent in Scotland. It was ludicrous, therefore, that some of it should have been calculated or assessed as unidentifiable and an allocation then awarded to Scotland for spending that did not take place.

There is a further reason why the ONS must be independent. The Department for Work and Pensions was asked to justify allocating £60 million of European structural funds expenditure to Scotland. It told us:

"The allocation within the limit Departmental Expenditure Limit ... over country and region ... is based on DWP staff numbers in those areas."

Every penny could have been spent in Scotland, or none. The truth is we do not know because the money was allocated on the basis of how many DWP staff were employed in the nations and regions of the UK.

We welcome moves to extend the research and development tax credits, but with UK R and D at 1.1 per cent. of GDP, it will do little to redress the balance against Japan, Germany and the US, with figures over 2.5 per cent., and nothing to redress the balance against Denmark, Sweden and Finland, which sit at 2.6, 3.9 and 3.5 per cent. of GDP respectively.

We also note with dismay that council tax assistance for pensioners has been removed this year and are shocked, once again, that the link between pensions and earnings has not been restored. I noted that the right hon. Member for North Tyneside (Mr. Byers), in his leadership speech, mentioned moving towards a fairer citizens pension, and I agreed with much of what he said about that.

I also noted in the Chancellor's Scottish press release mention of 400 civil service jobs being relocated to Scotland. I recently asked every Department how many jobs had been relocated to Scotland in the past five years. The answer was 94. I am not sure where the round number of 400 came from. Perhaps he used the same rigorous analysis as he did to calculate the Gershon savings.

It is also disappointing that there was little mention of manufacturing. Some 100,000 Scottish manufacturing jobs have gone since Labour came to power. As the Government know, manufacturing production in Scotland has shrunk for three full quarters. There is a full-blown manufacturing recession. It is disappointing that they have not chosen to debate that and disappointing that a solution was not mentioned in the Budget or its documentation.

Finally, in terms of Scotland, because mention of it was thin on the ground, there is £87 million in Barnett consequentials. That is £15 a head over two years. In a year when the Government are taking £2,000 a head out of the North sea, it seems a poor deal indeed.

8.43 pm

Mr. Jim Cunningham (Coventry, South) (Lab): It has been interesting to listen to the tone of the debate, but at least we are talking about resources. If we go back pre-1997, as some Conservative Members did, I remember that we were talking about high interest rates and hospital closures. The Government have been attacked on their handling of the NHS, but do hon. Members remember people sleeping on trolleys because they could not get beds? That is the Tory record that the Conservatives want to inflict on us if they ever get into power again. The House will no doubt remember the 3 million to 4 million unemployed. Many of those were young people.

The Government have pumped significant resources into education—a subject that we have discussed a great deal tonight—and the NHS. However, while I accept that they have pumped a lot of money into research and development and skills, they are still not doing enough, as has emerged in tonight's debate. The west midlands economy, for example, has a turnover of £77 million, which suggests what can be generated in a region that I have always considered to be the country's economic powerhouse. The midlands must keep an eye on investment, whether in research and development or in skills, on which tonight's debate has centred.

It could be argued that the west midlands is starting to swing away from manufacturing into service industries, but the region's MPs must make sure that there is proper investment in skills and manufacturing so that we can bolster manufacturing. As the House probably knows, Peugeot has still not made a declaration about the Coventry plant. I do not want to be alarmist, but people in Coventry want to know what is going on. I accept, however, that Ministers have taken part in discussions with the company about future investment. We should not forget the problems with Rover in the past few years, including recent problems in Coventry when some Jaguar operations moved from the city to other parts of the west midlands. We have not lost jobs overall in the west midlands, but we did lose jobs from the home of the Jag. Only two or three days ago, however, Ford announced more investment in research and development operations at Whitley, where 2,000 to 3,000 jobs will be created. Overall, Coventry has received about £4 billion in investment in the past few years, which says a lot about the Government, who have been accused of burdening business with red tape by some people.

I welcome the fact that free travel for pensioners is to be extended following a campaign that has lasted many years.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): While the Government's proposal to extend free travel for pensioners is welcome, does my hon. Friend not think that we should work towards synchronising free travel for senior citizens across the country? He will know that in Scotland they already enjoy that benefit.

Mr. Cunningham: Wherever possible we must work towards harmonisation in the UK, and free travel is one service where we can achieve that. Most people, including pensioners, like to travel, so why not offer free extended travel across the border? From certain parts of Northumberland it takes only an hour to travel to Edinburgh, which enhances the case for free travel.

I accept that the Government have done a great deal over the years for pensioners. However, as my right hon. Friend the Member for North Tyneside (Mr. Byers) said, politicians from all parties must stop playing political football with pensions and achieve consensus so that we can solve the problem. I do not accept that it is all the Chancellor's fault, because there are a number of factors at play. Nevertheless, there is a pensions problem and people up and down the country are awaiting the outcome of the Federal-Mogul case. Some hon. Members will have constituency experience of that case, as many people have been waiting two or three years to find out the future of their pension. Federal-Mogul is locked in the American courts, so I welcome the fact that the Government established the Pension Protection Fund. However, we must consider whether we should increase that fund, as there will be many demands on it in future. I believe that we should certainly look at ways and means of doing so.

I recognise the Government's tremendous investment in the health service, but we must be extremely careful about reorganisation. In the midlands, we believe that

[Mr. Cunningham]

the important thing is not to lose touch with the sharp end. Whether it is the reorganisation of the police force or the health service in the west midlands, we must not lose touch with the sharp end; otherwise the public will become disillusioned with the service that we are trying to provide.

The other issue that is causing concern in places such as Stafford is the amalgamation of the ambulance service. People think they have a very good ambulance service and are worried that if it is amalgamated with the west midlands service they may not enjoy a service of the same standard in the future. We west midlands politicians must continue to put pressure on the Secretary of State to make sure that that does not happen.

We cannot duck the issue of budget deficits in the health service. Those are not necessarily caused by the Government. The introduction of any new system—in this case, a system of payment by results—inevitably causes turmoil. That is recognised by most people who know about change and management. A further problem that has emerged in the health service, although we do not yet know the scale of it, arises from the use of a different method of accounting. It appears that in some instances deficits have been hidden for a number of years and are only now coming to light. The management of the health service needs to be sorted out, and its financial structure must be better managed and accounted for. I hope that compulsory redundancies can be avoided and that we can get some form of agreement with the trade unions.

We heard earlier about a possible series of strikes over local authority pensions. We must get talks going to resolve the matter. It is not in the interest of those who will receive the pensions, any more than it is in our interest, to see such disputes continue. People feel that their pensions are to be changed, despite promises made to them by employers. We should repeat to the public sector what we have said to the private sector: employers should try, as far as possible, to meet those aspirations and the commitments that they gave.

Finally, the Budget was steady—some might say neutral. It contained some encouraging items, such as nursery provision and an increase in family tax credits. The Government have continued to focus on poverty. Britain might be wealthy but there are pockets of great social deprivation, and as politicians of whichever party, we should never lose track of that. I welcome all the measures in the Budget that deal with social deprivation.

8.52 pm

Mr. Philip Dunne (Ludlow) (Con): I remind the House of the interests declared in the register against my name.

The matter that I draw to the attention of the House is the credibility of the Chancellor in the context of his Budget speech. I shall highlight a few issues that were included in his speech and a few that were not. On the subject of today's debate, education, there is a credibility issue relating to the skills gap to which a number of hon. Members have referred.

I am pleased that we have had an opportunity to focus on the skills gap, not least because in the survey of more than 1,000 businesses that I undertook in my constituency in the run-up to the Budget, the overwhelming cause of concern was the poor quality of school leavers presenting themselves for employment. This is not a criticism specifically of the schools in my constituency, which do a very good job. However, of the businesses that responded to my survey, 64 per cent. raised skills as the main problem for them, and of that group, 72 per cent. said the problem was getting worse, not better. This is a fundamental issue for the competitiveness of the United Kingdom, and it needs to be addressed.

Instead of raising the skills of our work force, one of the ways in which the Government have been tackling the skills gap has been to import skills from elsewhere. For example, my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski), whose constituency borders mine, regularly reminds the House that the shortage of dentists has been filled by dentists from his homeland, Poland. I have always taken his comments with a pinch of salt, but the point was graphically illustrated by the recent publication of an e-mail in which the British ambassador to Warsaw, Ambassador Crawford, stated that Her Majesty's Government have

"created more jobs for Poles in the past year than the Polish Government".

Much has been made of the announcement of extra money for schools and the aspiration to raise school spending per head close to the level achieved in the independent sector. I welcome more money for schools, although I have not been overwhelmed by the increase, which appears to be close to 1 per cent. of the total schools budget, but it is welcome none the less. To echo the comment made by my hon. Friend the Member for Mid-Worcestershire (Peter Luff), I urge the Government seriously to examine the allocation policy.

In Shropshire, our children receive approximately £3,300 a pupil—that places the local education authority 10th from bottom of the 150 education authorities in this country—which is barely 75 per cent. of the average spending per pupil in this country as a whole. One area in my constituency is among the top 25 most deprived areas in this country. The issue does not solely relate to urban areas, because deprivation occurs in rural areas, too, and I urge the Government to examine the funding formula.

On further education, the Secretary of State for Education and Skills has referred to a level playing field, which I would welcome, too, but I do not welcome the levelling of buildings. In my constituency, Bridgnorth college was closed last year and the site is being prepared for levelling. I urge the Financial Secretary to make a commitment in his winding-up speech that the proceeds raised by the sale of the sites of colleges of education that are being shut down in rural areas will be reinvested in the area where the facilities have been shut rather than being transferred to supposedly more deserving areas, which leaves even less provision for those in rural areas.

The hon. Member for Dundee, East (Stewart Hosie) has welcomed the Chancellor's announcement of independence for the Office for National Statistics. Like all Conservative Members, I welcome that decision, because it was a Conservative policy, and it is reassuring to see the Chancellor in this, as in so many other areas, picking up our policy—the current consensus in politics

is clearly working. That change was needed because of the credibility gap, which is of the Chancellor's own making.

Since the Budget, many commentators have referred to problems with the presentation of statistics. On Sunday, *The Business* carried an article in which its correspondent, Allister Heath, discussed the way in which the Chancellor has chosen to portray productivity in this country as improving rather than the actual trend, which is declining. When the Chancellor was appointed too many years ago, he saw productivity as one of the main benchmarks for his success, and the article discusses that point:

"His main trick was to break down the UK's productivity performance into three periods: 1972 to 1986; 1986 to the first half of 1997; and Labour's election to the third quarter of 2001, a period he claimed to be the first half of the current cycle. This allowed him to claim that the growth in output per worker had hit 2.13 per cent. a year in the final period against 1.93 per cent. and 1.5 per cent. in the previous two . . . The truth, as the official figures for output per worker reveal, is the exact of the opposite of the great performance that Brown chose to boast about. Productivity growth averaged 2.6 per cent. a year between 1992 and 1997",

which was the last period of Conservative government, and fell to

"2.1 per cent. a year between 1997 and 2001."

It declined further to 1.3 per cent. between 2001 and 2005. In the past 12 months, it has declined even further to 0.4 per cent. So much for the Chancellor's productivity growth. I look forward to seeing how the ONS will portray that.

I turn to something that I suspect arrived in the Budget as an afterthought—the assault on the trust industry. Several Members have referred to the impressive growth in, and our reliance on, financial services. The trust sector is a critical part of that. By seeking to impose such significant taxation changes on accumulation and maintenance trusts and other trust types, the Chancellor will drive a coach and horses through that industry and force it offshore. He may not have appreciated that many of these trusts have nothing to do with inheritance—they are to do with protecting assets, initially for minors and then for other young people while they are still in their formative years. Some were set up during the crusades to help estates not to fall into the wrong hands in the event of knights being toppled from their chargers overseas. This is a serious measure to propose with the flick of a pen.

In the brief time that I have left, I should like to raise three issues that were not mentioned in the Budget. First, there is the credibility gap over pensions. The right hon. Member for North Tyneside (Mr. Byers) devoted much of his speech to that. I think that he was a bit economical as regards the way in which the Chancellor chose to present some of the pension-related measures in the Budget. A year ago, the Chancellor made great play of the fact that the council tax rebate for pensioners was being doubled from £100 to £200. That was not mentioned last week when it was abolished, with the result that pensioners' council tax will have soared by more than 20 per cent.

The right hon. Member for North Tyneside also talked about Labour's responsibility for dealing with the pensions crisis that has been created. There is indeed a responsibility. I look forward to seeing what happens with Turner and deeply regret the fact that the Chancellor did not refer to that.

I reiterate my concern that the Chancellor did not mention the NHS in his speech. I hope that he will be listening tomorrow when protestors from all over the country come to highlight the cuts that are being made in our community hospitals.

9.2 pm

Kitty Ussher (Burnley) (Lab): I am grateful for the opportunity to speak in this debate. I will keep my remarks well within the 10-minute limit to allow other hon. Members to contribute.

I want to focus not only on education but on manufacturing policy, and particularly the interrelationship between the two. My basic point is that I find nothing more heartbreaking than able, well-educated young—or not so young—people in my constituency being faced with the stark choice between leaving their community to get a decent job or forfeiting that opportunity to be nearer to their families. People should not have to choose between their community and their career. Social justice does not depend on the town one calls home—good jobs must be available wherever people live.

As we have more than doubled the national average of people employed in manufacturing in Burnley, I am firmly convinced that British manufacturing can succeed in the 21st century. As an Amicus MP, I am proud to be part of the trade union that campaigned sincerely and hard for that success. I simply do not agree with people who say that manufacturing is something of the past—a 20th century preoccupation that is destined to be replaced. Although the sector may have declined as a proportion of our economy, it is still strong and important, and with the right policies it can have a bright future.

The best of British manufacturing is definitely still the best in the world. I am proud to say that we have some of that excellence in my constituency, with companies such as Baxi Potterton, Aircelle, Tenneco Walker, TRW and Smiths Aerospace, to name but a few. The challenge we face, in Burnley or in Britain as a whole, is to ensure that we innovate to stay ahead in a fast-moving, competitive world. We do not want to—and we should not—compete on the basis of wages. Instead, we must compete by simply being the best. I want consumers around the world to choose British—preferably Burnley—products because they are the smartest, cleverest and most desirable bits of kit that money can buy.

To achieve that, our firms need continually to innovate and train to stay ahead of the competition. Most of the responsibility for that lies with managers. After all, they need to do it to satisfy their shareholders, but the Government can help and the Budget does that. It helps by extending the research and development tax credit to companies of between 250 and 500 employees; reaffirming our commitment to science and extending the remit of the technology strategy board; streamlining our support for small businesses and increasing the focus on the effect of Government procurement on the economy; supporting the manufacturing advisory service, which, in the north-west alone, has helped companies achieve £120 million in productivity improvements; and, of course, continuing to resource the regional development agencies.

[Kitty Ussher]

In my constituency, the RDA is leading an exciting project, which is in its early stages. It is working with the University of Central Lancashire and the learning and skills council to bring a university campus to Burnley—with, I hope, a professorship in advanced manufacturing—alongside an enterprise centre and a revamped Burnley further education college. In the world of advanced, 21st century manufacturing, the availability of appropriate skills will ultimately determine where a firm locates. That is why the Chancellor is right to make this a Budget for education. School results are already improving under the Government and we must continue the reforms so that everyone, regardless of where they live or the school they attend, has the best possible education. I welcome the Budget's provisions to give more cash to schools.

The main point about education that I want to highlight relates to the new deal. Although the Conservative party mocked and scorned it, hundreds of thousands of people are now in work, contributing to society and supporting their families because of the new deal. In my part of the world people are in work, but I often hear the complaint that the jobs are simply not good enough. People welcome the minimum wage, but they do not want to work in minimum wage jobs. The most important determinant of one's salary is the amount of training under one's belt. I have therefore long believed that the Government should not step away when someone enters employment. It is in the interests of Britain and the individual that the support should continue. We have conceded the principle for tax credits and we now need to do it for careers advice.

Once someone is in work, the priority must be to get the necessary training to climb rapidly up the ladder, bring more income home and get the skills that employers need for their companies to compete more effectively. The best way to get a good job is to get a job. We have invested in lifelong and adult learning, but we can be smarter. After all, the Government know who the low earners in the economy are because they have everyone's tax records. Why not use that information, in the confines of the law on data protection, to provide individualised careers advice, training and support for the lowest earners in society—a new deal for those already in work? I warmly welcome the Chancellor's announcement in the Budget of the prospect of expanding the new deal for those in work who want to improve their skills. I look forward to the results of the review by Lord Leitch on what can be done.

Social justice should not depend on the town we call home. We need to spread power, wealth and opportunity throughout poorer as well as richer areas. By taking action to strengthen manufacturing and give personalised help for people to access the training that they need to get the good jobs that they want, we shall move a little further towards achieving that objective, at least for my constituents.

9.8 pm

James Brokenshire (Hornchurch) (Con): It is a pleasure to participate in this important debate. I am also pleased to follow the hon. Member for Burnley (Kitty Ussher). I was especially interested in her comments about the role of manufacturing in British industry. Like her, I believe that there is a future for British manufacturing, but the key is continued investment in research and development so that we can innovate in the way she suggested. That flows into the general comments that I wish to make about productivity. However, unlike the hon. Lady, I draw different conclusions about the Budget's impact on that.

My hon. Friend the Member for Ludlow (Mr. Dunne) cited many statistics, to which I would add one more. Output per worker failed to increase at all in the year to the third quarter of 2005, adding to the slip in productivity that we have seen over the past few years. The emphasis on productivity is essential for the future of jobs and wealth creation in this country, in terms of ensuring that we have a growing economy to which we can positively look forward. A number of elements will influence our productivity. One is research and development, to which I will return in a moment. Another is the focus on skills. We must ensure that we have a work force that is fit for purpose for delivering the productivity growth that will be essential if we are to compete in the global economy.

The Government have announced their White Paper on further education today. They have obviously recognised the problem, in that they state:

> "The number of adults in the workforce without the skills at Level 2 for productive, sustainable employment in a modern economy is much too high: in that area we rank 17th out of 30 countries."

However, the situation is even more challenging than that might suggest. We need to look forward to what will happen in the future, and Lord Leitch's interim report on the country's long-term skills needs to 2020 is extremely informative in that regard. He highlights the fact that improving the skills only of young people will not be enough, given that 70 per cent. of the working-age population in 2020 will have already completed their compulsory school education, and that half the 2020 work force is already over 25 years old. Lord Leitch states:

> "These demographic changes make it essential to improve the skills of older groups in the workforce."

I entirely agree with that. It is a pity that the Government have missed the opportunity in either the Budget or today's White Paper fully to address the need to invest in skills for older people.

Sir Andrew Foster's report on further education colleges highlights the fact that 14 per cent. of adults of working age have no qualifications, and that more than 5 million adults have literacy and numeracy skills below level 1. Lord Leitch predicts that, by 2020, without significant additional steps being taken over and above what the Government are proposing,

> "at least 4 million adults will still not have literacy skills expected of an 11 year old, at least 12 million will be without numeracy skills at this level (equivalent to three in ten adults) and 6.5 million will not have qualifications at the equivalent level to five good GCSEs."

He goes on:

> "In comparative terms, the UK will continue to be an average performer—positioned, at best, in the middle of the OECD ranking".

Globalisation continues to place an emphasis on the need to be able to compete in the global marketplace. That will involve greater flexibility in the skills of

employees. During the course of an employee's lifetime in the workplace, there will be a continuing need for them to change and to be flexible. That is going to be more difficult for those who do not have basic numeracy or literacy skills. According to the CBI, eight out of 10 jobs require basic competence in literacy and numeracy. Then there is the personal impact of the lack of those skills on individuals. Many employees without basic skills in reading, writing or adding up live in daily fear of being found out. They do not take promotion for fear that they will be unable to meet the challenges involved. They are afraid of being found out and perhaps losing their jobs.

Those are the direct personal costs involved. It is interesting to hear that some companies are seeking to address the problem by offering what one might call shadow information and communications technology courses. There might be computers in the training room, but the emphasis for the employee is very much on basic skills in reading and writing, rather than on computer skills. I suppose that that highlights the ingrained challenges.

While there is a recognition of the problems, the Government seem unable to deal with them. At the end of last year, a report by the adult learning inspectorate described the Government's skills for life programme as a "depressing failure", adding:

"The programme is not yet meeting the needs of the most acutely disadvantaged adults it was designed to help."

I welcome the Budget's proposals for funding for free tuition for 19 to 25-year-olds embarking on their first level 3 qualification and the roll-out of the adult learning grant, but they simply do not go far enough. As I have highlighted, half of our 2020 work force is already aged 25 and over, and therefore will not be directly affected. The proposals do not deal with the basic skills that I have highlighted because they are pitched much higher. The initiatives do not address the fundamental issues of upskilling and ensuring that we meet the productivity challenge.

Greater emphasis on work-based learning is needed, and employers and firms have a crucial role in making sure that their human resource and employment capital— their employees—are utilised and incentivised to the full. In many ways, the problem is that the Government have not provided enough encouragement and incentivisation for business to do that. Against the backdrop of heavy regulation and a heavy tax burden, firms are being actively discouraged from investing properly in their workers and ensuring training for their work force.

Training is not the only area that lacks investment. To return to manufacturing, there is also a real gap in research and development, which is needed to underpin continued growth, employment and wealth. The much-vaunted Lisbon agenda to promote a strategy for jobs and growth in the EU set a target for R and D expenditure of 3 per cent. of GDP by 2010. The problem is that that target will simply not be met. Despite being an apparent advocate of the Lisbon agenda, the Government's national action plan highlights their failure by admitting only to an "ambition" that R and D expenditure will reach 2.5 per cent of GDP, and then only by 2014.

When a lack of policy focus by the Government is combined with increased regulation and bureaucracy and an environment of increasing taxes, it is hardly surprising that industry is not investing sufficiently. The Budget announced some small-scale initiatives, but those hardly even scratch the surface. The long-term future of this country requires a rigid focus on innovation and human resources to drive the economy forward. The problem is that despite the initiatives, this Government's approach has been pedestrian. Time is not on our side, which makes it even more disturbing that despite all the indicators and warning signs, this Budget shows no signs of any change of gear from the Government. It is a failure of leadership, a failure of policy and a failure of delivery, which I fear will cost this country dear.

9.18 pm

Ms Sally Keeble (Northampton, North) (Lab): To give colleagues some time, I will be brief. Rather than dealing with the macro-economy, I will address three specific points relating to my constituency. I welcome the remarks of the hon. Member for Hornchurch (James Brokenshire)—although I did not agree with his approach, I also tend to focus on the skills gap and specific issues around education. I also want to deal with the Budget proposals on sport, about which no one has yet spoken, and which are important for my constituency.

My constituency has a large skills gap at every level: at university level, in higher skills and in intermediate and basic skills. I am pleased that University College Northampton now has full university status, and I hope that that will both plug the skills gap at the higher level and serve to drive up standards across the whole school sector. I also welcome the Government's extra funding for our schools—a total investment of £115 million in a major schools reorganisation, with the aim of improving on a history of under-achievement in schools in Northampton.

In that context, I welcome the announcements about extra spending in schools, which will build on the Government's good track record. I would, however, like more clarification. Our schools are all tied into a major private finance initiative scheme. I hope that there will be flexibility in the structuring of the extra finance so that we can improve some of the specifications of the PFI contract, or make it possible for head teachers to work collaboratively to commission some of the improved services that they want across the board.

I also welcome the changes proposed for further education, especially the recognition of the important role played by the sector in driving up skills standards and dealing with some of the areas of disadvantage with which other education sectors have not been able to deal. I welcome "train to gain", because I think it important to ensure that when people are in work they do not simply stay at the level they have reached. It is well recognised that the Government have an obligation to improve their skills so that they can progress in their careers, and can retrain to meet changes in their sector of employment.

I welcome the tighter focus on skills, but if FE colleges are to have more targeted ends, they will need more flexible means of getting there. I fear that some of the proposals in the White Paper will increase bureaucracy. That must be trimmed. If the FE sector is to achieve its target of improving skills in this important area, it must

[Ms Sally Keeble]

be freed to do so. In particular, it must be given the support it needs to tackle disadvantage and reach some of the marginalised groups. Northampton college has been especially successful in that regard.

I particularly welcome the extra money for sport. Sport is often seen as an add-on, but, as we have seen, it is important in improving educational achievement for some of the most disadvantaged young people by giving them a different route into school, and giving them a sense of achievement and purpose. It can also be important in regenerating the economy in certain areas. We have observed the progress made by the street football schemes, and by some of the retraining schemes to help young people in the east end of London to become referees and coaches.

In Northampton, in preparation for the Olympics, we set up a partnership—it is cross-party, and the hon. Member for Northampton, South (Mr. Binley) has been very supportive—between the public and private sectors. It includes the district and county councils, the chamber of commerce, the schools and the university, and it is being supported very generously by Barclaycard. Its aim is to develop sports and related services in our area to take advantage of the Olympics, while considering the potential for economic regeneration, educational issues, the culture, the legacy, the cultural festivals and the opportunities for universities. I was encouraged to hear the Chancellor's proposals for schools festivals and the expansion of sporting facilities.

I hope that my hon. Friend the Financial Secretary will respond to those points and will listen to some of the representations from Northampton. I want to ensure that we can take some of the opportunities offered in the Budget. I want the sporting provisions to help boost our economy and give fresh chances to young people, many of whom missed out the first time, so that they can find a way back into education.

I welcome this forward-looking Budget, which tackles some of the difficult areas in our economy, and I look forward to its implementation.

9.24 pm

Michael Connarty (Linlithgow and East Falkirk) (Lab): Despite criticism of this Budget from all sides, it confirms the stability of the British economy, which has taken us through some very stormy times. I point out to those who look back to previous Administrations that such stormy times would have brought their weakly based economies crashing down. I am thinking of the far east crash, the stagnation that the EU has faced for almost a decade—it could have moved forward if only it had taken the Lisbon agenda as seriously as we do—and the energy price hike that we are all suffering, but which we will see through.

In this and previous Budgets there has been a constant focus on the supply side, which shows that the Government are on the right road. Many of today's contributors have shown that much of the scaremongering is not based on truth. The hon. Member for Hornchurch (James Brokenshire) must stop blaming the Government and take note of the fact that the UK private sector has not got the guts to make the investment that private sectors in other economies, which are going ahead of us, are making.

My hon. Friend the Member for Glasgow, North (Ann McKechin) explained the world demographic situation, and in my view we have reached a tipping point. Within the next four to five years, through the growth of the city of Quonqing alone, more people will be living in an urban setting than a rural one. Many of them will not have jobs because the lack of concessions from rich countries in the EU and north America has stripped away their agricultural base.

On science, last Friday I visited a company in my constituency that emerged from the fall-out from ICI. AstraZeneca Novartis has developed Amistar, which is the world's biggest selling fungicide. Amistar and subsidiary products are being developed in Grangemouth, in my constituency, and being sold to 100 countries, thereby earning $1 billion a year.

Some have argued that health is not on the Budget agenda, but as has been pointed out, a lot of money is being invested in health. The figures show that when the Conservatives left office, such investment accounted for 5.4 per cent. of gross domestic product; it now accounts for 7 per cent. In real terms, investment has increased from £51.9 billion to £81billion—so health is getting the investment that it needs, and if there are problems with overspend, they must be examined at a local level.

Education is the main issue on which I want to focus, and the problem with education expenditure is that it is not evidence based. The Education Committee said in its 2004–05 report that it had some concerns about the basis of the Government's investment in academies and special schools. I raise this issue today because I do not believe that the investment is being made in schools in England that is required to turn education round; rather, money is being invested in structural change, and massive sums are being invested in academies and specialist schools, which have yet to show that they can achieve what they are supposed to achieve.

Earlier, a Conservative Member quoted the Prime Minister, who said that the worst thing that could happen to a child aged 11 was to be labelled a failure. However, we have failed to deal with that major problem. There are now more pupils in grammar schools in England than when we came to power in 1997, yet we continue to invest in structural change. Instead, this Government should be making proper quality assurance assessments. Such a body is to be set up, and someone described it as a quango, but quality assurance is about what happens in schools, the process that children experience as they go through school, and what happens when they leave.

I am very pleased that the Government have at last decided to introduce synthetic phonics, which were piloted in the central region of Scotland when I was a teacher. They were then used in west Dumbarton, where the percentage of children who do not achieve the required level of literacy at age 11 has been reduced to 6 per cent. as a result. The target is a 100 per cent. literacy rate. I hope that England will experience a similar benefit through the use of synthetic phonics.

Despite "Every Child Matters", the Disability Discrimination Act 1995 and the various measures being adopted in schools, the Government remain

obsessed with structure. Some of the Select Committee's criticisms have never been answered. Sums of £50,000 from the private sector are matched by £100,000 from the Government, with £126 per pupil for the next four years. That is a massive investment, yet there is no evidence to show that pupils achieve in the speciality of the school. The general standard is raised, but when such massive investments are made in certain schools that is bound to happen. Academies are not achieving what was hoped for them, yet they can cost from £25 billion to £35 billion, completely distorting local authorities' investment priorities.

I want the Treasury to look seriously at evidence-based assessments of what we are getting for our money, and to examine what happens in schools and the outcomes for every pupil, not just for the few who have the privilege of private education or massively distorted capital investment.

9.30 pm

Mr. Mark Hoban (Fareham) (Con): The project to remodel the Chancellor was making good progress until last Wednesday. The trademark red tie had been dropped for a lilac one, a kick-start in consumer spending through investment in casual wear, and a warmer, more cuddly Gordon on display in place of his traditional position—but then he spoke, and it became clear that nothing had changed in substance. No one is more impervious to change than the Chancellor. No Chancellor is more dogmatic or closed to fresh thinking. Yet again, we saw a Chancellor fixed on spending more, raising taxes and borrowing more. He has failed to learn the lesson that he cannot increase spending on public services without reforming them first.

The hon. Member for Bury, North (Mr. Chaytor) made a telling intervention on the Secretary of State. He asked when the Government would achieve their target of closing the funding gap between private and state schools. The Secretary of State's answer was evasive, but the hon. Member for Huddersfield (Mr. Sheerman) was convinced that the Chancellor would not have made such a commitment without working things out first—without knowing what he was doing. It is a pity that the Chancellor did not tell the Secretary of State first.

My hon. Friend the Member for North Essex (Mr. Jenkin) highlighted the global challenges from India and China. He talked about highly skilled work forces. Indeed, on the day that the further education White Paper was launched, it was entirely appropriate that time and again Members on both sides of the House referred to the importance of skills and training in the work force. My hon. Friend also referred to the importance of making sure that the tax regime is competitive and addresses the global challenges posed by economies in eastern Europe, China and the far east.

The right hon. Member for North Tyneside (Mr. Byers) made a powerful speech about the risks of extending means-testing and the impact on the take-up of benefits. He made a persuasive case for adopting the Turner report as the basis of pension reform. The Chancellor said little about that in his Budget speech, but I hope that he heard, or will read, the remarks of the right hon. Member for North Tyneside. The Chancellor made no reference whatever to the council tax rebate that he announced last year and dropped this year, so I was pleased that the right hon. Member for North Tyneside advocated its extension in the future.

My hon. Friend the Member for Mid-Worcestershire (Peter Luff), the Chairman of the Trade and Industry Committee, used his tremendous expertise and knowledge of India to highlight the threat that it poses to our economy. He suggested that we need to adjust our economy and skills base to reflect that challenge. He also spoke eloquently and robustly about the education funding issues faced by his local authority and the gap between Worcestershire and neighbouring authorities.

The hon. Member for Glasgow, North (Ann McKechin) referred to the importance of climate change. She touched on free bus travel. As somebody who lives in a borough where the increase in grant from the Office of the Deputy Prime Minister was less than the cost of concessionary fares announced by the Chancellor last year, I take comments about free bus travel with a pinch of salt.

My hon. Friend the Member for West Suffolk (Mr. Spring) made a significant speech about the importance of maintaining the competitiveness of London as a global financial sector. He emphasised the need to take real action to reduce the burden of financial regulation. He also talked, with experience from his constituency, about issues with the health service. He highlighted, as several hon. Members have done during the debates on the Budget, the Chancellor's failure to mention the health service in his speech on Wednesday and his ignoring of the problems that we see in hospitals throughout the country.

The hon. Member for Norwich, North (Dr. Gibson) spoke eloquently, as ever, about the science base and the importance of science to our country. I know that he speaks with both professional and political experience of that.

The hon. Member for Coventry, South (Mr. Cunningham) talked about the importance of reskilling older workers. It is important in the context of today's White Paper on further education to understand what impact the commitment to level 3 entitlement for those aged up to 25 has on the provision of training for older workers. Will they be left out? I know from talking to businesses in my constituency that are concerned about the challenge posed by economies in eastern Europe, India and China that they too are concerned about what happens to workers who lose their jobs and need to improve their skill base to compete in an increasingly global economy.

My hon. Friend the Member for Ludlow (Mr. Dunne) talked about the skills gap, and highlighted issues that he had found among employers in his constituency, including the need to raise skill levels in local people. He referred especially to the importance of ensuring higher standards of numeracy and literacy in the work force. He made a powerful point about productivity, which has fallen by a fifth since the Chancellor came into office in 1997.

The theme of productivity was also picked up by my hon. Friend the Member for Hornchurch (James Brokenshire), who identified the need to look beyond 25-year-olds. He said that a high proportion of 19 to 25-year-olds were either in education or already in the work force, and asked how they would fare under the White Paper published today.

I wish to question the effectiveness of Government spending in raising standards in public services, and highlight the issue of competitiveness in the global

[Mr. Mark Hoban]

economy. The Chancellor's unswerving belief is that the more one spends, the better the results. Indeed, even the Education and Skills Committee's first report of the 2004–05 Session admits that there is no evidence to demonstrate that the spending increases under this Government have led to a step change in standards at GCSE level. Why has the increase in spending on education not flowed through to the step change in performance that our constituents and taxpayers have come to expect?

Too often, spending priorities have been set by Departments to meet targets imposed by the Treasury, with no regard for effectiveness. Let us take just one example. Through ring-fenced programmes, the Government have spent nearly £1 billion to tackle the scourge of truancy in our schools, but since 1997 truancy has increased by 30 per cent. The money has been spent not on tackling the underlying causes, but to meet targets imposed on the Department for Education and Skills by the Chancellor.

Even in this Budget, when the Chancellor boasts about how much additional money is going directly to schools to spend at their discretion, he also boasts that he is giving them extra money to spend on personalised learning. That money will be spent at his direction, not at the discretion of head teachers. When will the Chancellor learn that the best person to decide how money is spent effectively in schools is not him, but the head teacher?

Until the Government give head teachers greater freedom, we will not see improvements in exam results in line with the money spent on our education system. As this year's GCSE results show, the category of state schools with the most independence from the Government, city technology colleges, have the highest value-added scores and those with the least freedom from Government interference, community schools, have the worst value-added scores. Labour Members who block reforms aimed at improving the autonomy of our schools are blocking the step change in performance that our children need for their exam standards to increase.

On public spending, we have a Chancellor who is stuck in the past and who has yet to learn from his mistakes. As the Committee established, extra spending in schools has not translated into a faster rate of improvement in results. There continues to be a culture of central Government knowing best, and dictating how much money should be spent and how, rather than leaving those decisions in the hands of professionals. The failure to reform public services has meant that additional expenditure has failed to achieve a step change in performance. The Government have shied away from the reform of the public services needed to ensure that taxpayers get improvements in line with the increased expenditure: another lesson that the Chancellor—the road block to reform—has failed to learn.

To fund the increase in spending, we now have a tax burden at its highest since 1984. The Red Book forecasts an increase in the tax bill of another £5.5 billion. Some Labour Members will want taxes to be higher to pay for ever higher public spending, but that short-sighted view has already put at risk our global competitiveness. Having had the 10th lowest rate of corporation tax among our competitors in 1997, we now have the 10th highest rate. The burden of taxes in Britain is now greater than that in Germany. In an attempt to plug the shortfall in public finances, we now have one of the most complicated tax regimes in the world.

Increasingly mobile flows of capital mean that businesses have much greater choice about where they locate. Increasingly, tax is becoming an important issue in determining where businesses locate. Increasingly, businesses are deciding not to locate in the UK. Is it a surprise, therefore, that Apple, Microsoft and Oracle have located their European headquarters in low-tax Ireland? One of the factors driving the growth of the Bermudan insurance industry is its favourable tax regime compared with that of the UK.

Jonathan Shaw (Chatham and Aylesford) (Lab): What about inward investment?

Mr. Hoban: The hon. Gentleman asks about inward investment, but he forgets that a lot of last year's inward investment flows fall from the merger of the British and Dutch branches of Shell. The business decided to locate in the Netherlands rather than the UK, because the tax regime in the Netherlands made it attractive to do so there.

The City of London corporation's report on the global competitiveness of the financial services sector highlighted the increasing importance of the Government's decisions on personal and corporate taxes for Britain's competitive position. The head of tax at PricewaterhouseCoopers said:

"A lot of UK tax is paid by a relatively few companies, and many of those have a choice about where they site some of their operations—the tax situation could persuade them to site discretionary additional businesses elsewhere."

Labour Members may think that that is scaremongering, but Colt telecommunications made an announcement last month to explain why it would move its corporate headquarters overseas. It clearly identified:

"an opportunity to materially reduce its costs by a change in domicile."

The tax regime in the UK has made it unattractive for some businesses to remain in this country, with an impact on corporate taxes, national insurance, employment taxes, pay-as-you-earn, VAT and other duties.

The Chancellor, true to his Labour heritage, is proving himself to be an old-fashioned Labour Chancellor—taxing and borrowing more to pay for more spending. As my hon. Friend the Member for North Essex said, he needs to learn that in an increasingly global economy, higher and more complex taxes drive businesses from the UK, thus harming our economy and threatening future funding of public services. There is nothing in the Budget to demonstrate that he understands the challenge that we face. Indeed, the tax burden is forecast to rise by £5.5 billion, not to fall. When the competitive threat is pointed out to the Chancellor, he is astonishingly complacent about it.

In the booklet about the future of financial services in London published with the Budget, the Chancellor boasts about the cut in corporation tax, but he does not tell readers that other countries have been cutting their

corporation tax rates as well. That is why we now have the 10th highest rate of corporation tax among our competitors, rather than the 10th lowest, which he inherited from the Conservative party in 1997. On taxes, the Chancellor has failed to learn from his mistakes. He is stuck in the past, failing to act on the realities of a global economy, by not creating a tax system fit for the 21st century.

This is the Budget of a Chancellor who is so dogmatic in the pursuit of his own ambitions that he ignores the evidence. He is stuck in the past, failing to learn from his mistakes, failing to adjust to the global challenges from India, China and eastern Europe and failing to tackle the skills issues and deal with our increasingly complex tax base. High increases in spending have not led to the step change in public services that our economy and our country need, because reforms have been blocked. Money has been wasted, and to finance that spending he has taxed so much that our competitive position has been eroded. He has spent too much, taxed too much and borrowed too much. He is the road block to reform.

9.44 pm

The Financial Secretary to the Treasury (John Healey): This has been a shortened debate, but in a series of time-limited speeches—there have been 15 from Back Benchers on both sides of the House—there have nevertheless been some important contributions. The themes ranged widely, but at the heart of the Budget and this debate on it, is the economy. As the Chancellor reported in the Budget, the British economy is stable, strong and strengthening. In each of his 10 Budgets, he has been clear that his first priority for the UK economy has been, is, and will remain, stability. The decisive macro-economic reforms that he introduced in 1997 to monetary policy, to fiscal policy and to the planning and control of public expenditure were designed first to establish and then to lock in stability and steady growth.

For 50 years, Britain's economy was prone to high and volatile levels of inflation. For 18 years under the Tories, until 1997, Britain was the least stable of the major developed economies—first in, last out, hardest hit by the recessions and world economic shocks. In contrast, in the Budget last week, the Chancellor reported that we have met our inflation target this year and in every year since 1997. In just a decade, long-term inflation expectations have virtually halved to 2 per cent. Today, long-term interest rates are the lowest that they have been for 40 years, at just 4 per cent. He reported that inflation is currently 2 per cent., which is on target. He reported that, in the latest quarter, the UK economy is growing at an annual rate of 2.5 per cent., which is on target. He reported on broad tax revenue projections since the pre-Budget report, which are on target, and he reported on public finance figures against our fiscal rules, which are on target.

No wonder we heard so little from the Tories on the economy in this Budget debate and no wonder the Leader of the Opposition responded to the Chancellor with personal attacks and not criticism of policy—a mistake that the hon. Member for Fareham (Mr. Hoban) repeated tonight. They have nothing to say of their own on how to reinforce the science, innovation and research base of Britain, how to tackle the threat of climate change—

Mr. Jenkin: Will the Financial Secretary give way?

John Healey: I will later. They have nothing to say on how to make Britain a leader in the development of new energy technologies or how to remove and reduce the scar of child poverty in our country. Many of the contributions tonight did not add much to that. I will give way to the hon. Gentleman, but I will come to the remarks that he made if he and other hon. Members allow me.

Mr. Jenkin: On science, now that those in the civil service Box have had a chance to respond to the speech of my hon. Friend the Member for Havant (Mr. Willetts), will the Financial Secretary explain what has happened to the manifesto commitment to spend £250 million on new laboratories in schools?

John Healey: If the hon. Gentleman looks at the public finance figures, he will see that, by 2007–08, we will be spending £6.4 billion in capital investment in our schools. A high priority for that investment is science funding and science labs.

I will talk about the speeches from Front Benchers first. The hon. Member for Brent, East (Sarah Teather) urged us to have a debate on policy priorities and to deal with the hard facts. There is nothing vague, as she put it, about the Chancellor's Budget commitments on education. First, there will be extra cash going directly to all head teachers from next month, with more to come next year. Secondly, there are hard figures on boosting the capital spending from £5.6 billion in our schools this year to £8 billion a year by 2010–11, matching in five years for our state schools the capital spend per pupil currently going into private schools. The hon. Members for Brent, East and for Havant (Mr. Willetts) asked about the new money that will go directly to schools. There will be £220 million in the next financial year and £365 million in the year after that to boost personalised learning. More will go to schools with the greatest need and those with the pupils who are the lowest achievers.

One of the most important things that the hon. Member for Havant tried to do in his speech was to make clear the Conservatives' approach to the Chancellor's commitment on schools, but we still need clarity. As my right hon. Friend the Secretary of State said, when the shadow Chief Secretary to the Treasury was asked on Budget day about the implication of the third fiscal rule that the Conservatives had, she confirmed that the Tories would spend less on education than the Chancellor set out. When the Conservative Front-Bench spokesman, the hon. Member for Wycombe (Mr. Goodman), was asked during the winding-up speeches in the next day's debate:

"Does his party support our goal to raise the level of state spending in schools up to the level of private schools",

he said:

"Of course we support the goal".—[*Official Report*, 23 March 2006; Vol. 444, c. 508.]

I welcomed what the hon. Member for Havant had to say about schools, as far he could. He said cautiously and vaguely that he was happy to sign up to the

[John Healey]

aspiration. However, just to be clear, will he match the long-term pledge to raise the level of funding for pupils in state schools to that for pupils in private schools? Will he be clear that he will back our immediate commitment to do so on capital spending for schools by 2010–11, or does he maintain the policy of putting tax cuts first?

Mr. Willetts: I thought I had made that clear in my speech, but I will try to give absolute clarity. Yes, we accept the increase in school spending and the capital spending pledge. We need more information about the time scale for the aspiration, although, of course, we support it. For us, the crucial aspiration is to match the standards in private education, not just the spending.

John Healey: We have made progress since Budget day. Clearly the hon. Gentleman has disowned the comments made by his colleague, the shadow Chief Secretary to the Treasury. My right hon. Friend the Secretary of State earlier described the Conservative party's policy changes as flip-flops, and I have to say that she was right. The situation should concern everyone. I guess that there are some people who want to believe what the Leader of the Opposition says and his promises, but, frankly, the fiasco of the policy flip-flops following the Budget shows that when the Tories are put under pressure and the going gets tough, they give in.

The hon. Member for North Essex (Mr. Jenkin) was right to warn of the challenges in the global economy, just as the Chancellor did in his Budget speech. The hon. Gentleman was also right to say that we need to boost research and development. However, he spoiled his comments by talking about the tax burden. He knows that this Labour Chancellor cut the main rate of corporation tax, the rate of small business corporation tax and the rate of capital gains on business assets. He knows that the tax burden is still lower than it was at its peak under Baroness Thatcher in 1984. He also knows that, according to the OECD, the net direct tax burden for the average working family has halved since the Labour Government came into office.

Other speeches made by Opposition Members shone little light on the policies that we could expect from a Conservative Government, but let me deal with as many contributions as I can in the time available. The hon. Member for Mid-Worcestershire (Peter Luff) freely admitted that spending on education has gone up under this Government. Whatever position he claims for Worcestershire pupils, they would have been—and would be—far poorer under a Conservative Government than the Labour Government of the moment.

The hon. Member for West Suffolk (Mr. Spring) was right to raise concerns about regulation, but his overstated rhetoric spoiled his case. The Budget produced specific targets for Her Majesty's Revenue and Customs to reduce administrative costs in the tax system. It also included plans for further simplifications. Similar hard analysis and plans for the other areas of the Government in which he is interested will be published during the rest of this year.

The hon. Member for Dundee, East (Stewart Hosie) called the Budget thin. He was especially concerned about attracting investment into the UK. Perhaps he could look at the publication "Science and innovation investment framework 2004–2014: next steps", which we published alongside the Budget, and in particular at page 66, which sets out the answer to his concerns. I am glad that he welcomes the Budget publication on consulting on the future of carbon capture and storage.

Stewart Hosie: Will the hon. Gentleman give way?

John Healey: I will not because I want to respond to other hon. Members.

The hon. Member for Ludlow (Mr. Dunne) spoke with passion from his constituency perspective. I will ensure that my right hon. Friend the Secretary of State for Education and Skills responds to him on his point about further education for his constituents. However, he began by questioning the Chancellor's credibility—the same Chancellor whom Alan Greenspan has described as "without peer" on economic policy making.

The hon. Gentleman and the hon. Member for Hornchurch (James Brokenshire) criticised the Government on skills. The proportion of 16-year-olds achieving five good GCSEs or better has risen from 45 to 55 per cent. under this Government. Some 1 million adults have improved their literacy or numeracy skills under this Government. The proportion of adults with a degree has increased from one fifth to more than a quarter under this Government.

My hon. Friend the Member for Huddersfield (Mr. Sheerman), who courteously said that he could not be present for the wind-ups, made an informed and expert contribution as Chair of the Select Committee on Education and Skills. My right hon. Friend the Member for North Tyneside (Mr. Byers) looked forward to the Government's response to the Turner report in a characteristically reflective, and rather broad and sweeping, contribution.

My hon. Friend the Member for Coventry, South (Mr. Cunningham) set out a long-term concern about pensioners receiving further support, especially those who have been failed by their occupational pension schemes collapsing. My hon. Friend the Member for Burnley (Kitty Ussher) spoke about firms in her constituency and drew on her national policy experience to explain how the Budget announcements may help them.

My hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty) shares the Chancellor's passion for education, even if he does not share every detail of the Government's planned reforms. He told of us lessons in Scotland that could be learned in England. My hon. Friend the Member for Glasgow, North (Ann McKechin) was right about the Budget's theme, which is how Britain can meet the changing pressures in the world, and she was right to point to our contribution on climate change. My hon. Friend the Member for Northampton, North (Ms Keeble) was concerned to see young people in her area share in the greater investment that the Budget makes in sport. I will ensure that the Minister for Sport writes to her with further details so that she can see how that might take place.

My hon. Friend the Member for Norwich, North (Dr. Gibson), who is Chair of the Science and Technology Committee, observed that the priority,

plans and funding contained in the 10-year framework have never been seen in Britain before. My right hon. Friend the Member for Edinburgh, East (Dr. Strang) recognised the UK as one of the leading countries in dealing with climate change and rightly urged us to use energy more efficiently, not just in business, but in households and the public sector.

As we enter the 10th year of a Labour Government, this is the 10th consecutive year of uninterrupted economic growth. It is also the 10th successive year that we have grown faster than the euro area. Not only has there been growth in every quarter in every year since 1997, but growth has averaged 2.8 per cent.—a rate that is significantly higher than the average of the period 1979 to 1997, when it was at just 2.1 per cent: a period of government that left Britain seventh out of seven in the G7 for national income per head. Now Britain is second only to America in the G7. Now there are 2.4 million more jobs in the economy. Now there are more than 500,000 more firms in business and 1.7 million more home owners than in 1997, when Labour first came to office.

The choice at the heart of the Budget debate is whether to cut planned public spending to cut taxes on principle, whatever the needs of the economy, our infrastructure and public services, or whether to invest to meet the long-term challenges that we must face in Britain: investment in science, innovation and skills, investment in tackling the threat of climate change, investment in the long-term infrastructure needs of the economy and, above all, investment in the talent and the potential of every one of our young people. As my right hon. Friend the Chancellor confirmed in the Budget and as my right hon. Friend the Secretary of State for Education and Skills said, education—

It being Ten o'clock, the debate stood adjourned.

Debate to be resumed on Tuesday 28 March.

SITTINGS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 29th March, the Speaker shall not adjourn the House until any message from the Lords has been received and any Committee to draw up Reasons which has been appointed at that sitting has reported.—*[Tony Cunningham.]*

Community Legal Service

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

10 pm

Keith Vaz (Leicester, East) (Lab) *rose— [Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Would hon. Members who are leaving the Chamber go quickly and quietly, and would hon. Members who remain here be quiet?

Keith Vaz: I would like to thank you, Madam Deputy Speaker, for allowing me the opportunity to raise on the Floor of the House the future of the Community Legal Service.

I am delighted that my right hon. and learned Friend the Minister of State, Department for Constitutional Affairs is on the Front Bench, and I welcome her to her new responsibilities. I am also pleased that the right hon. Member for Berwick-upon-Tweed (Mr. Beith), the Chairman of the Select Committee on Constitutional Affairs and other right hon. and hon. Members are in the Chamber. I was delighted when, as a Minister in the former Lord Chancellor's Department, I had the opportunity to attend the launch of the Community Legal Service in April 2000 by the then Lord Chancellor, my right hon. and learned Friend Lord Irvine of Lairg. This Saturday, it will be exactly six years since the establishment of the CLS, and it is important that Parliament should assess the service so far and try to map out its future.

Last Thursday, after months of consultation on a paper entitled "Making Legal Rights a Reality" the Legal Services Commission, with impeccable timing for our debate, released its strategy document outlining the future of the service between now and 2011. In February, Lord Carter of Coles published his interim report on reforming the procurement of legal aid—we await his final report with great interest. I was pleased that last week on Budget day the Legal Services Commission took the opportunity quietly to inform its contract partners that it will review its decision to terminate funding of the specialist support services after a relaunched consultation is complete. I will refer to that announcement a little later.

The great post-war Attlee Government identified three requirements for a just society—free state education, free health care, and free access to justice. Although the provision of the last requirement has generally had a lower profile than the first two it is no less important. Protecting the vulnerable and ensuring the legal rights of everyone requires an efficient, effective and co-ordinated legal service. The Legal Services Commission and the CLS were established under the Access to Justice Act 1999. The vision behind the CLS was to ensure that everyone in society has access to justice through quality-assured legal advice, representation, education and information. It is not a single body or organisation—it is defined in terms of its purpose, which is to promote the availability of legal services in civil law, including all the organisations and bodies that fund or provide civil legal advice services, with the Legal Services Commission acting as guardian of the service. Although an exciting concept, its very structure poses serious practical difficulties.

[Keith Vaz]

It is perhaps easier to describe the CLS as a near-equivalent in law of the national health service. Like the NHS, the CLS should allow everyone the opportunity to receive specialist advice according to their need. As in medicine, legal advisers specialise in different fields. Welfare, education, employment rights and family law are just some of the common areas that the service covers. For the client to be best served, he or she should have access to the correct specialists. To continue the medical analogy, one would not go to see a dermatologist about a sore throat.

I shall raise several issues in the debate. After six years, the challenges and problems that the service faces can be clearly identified. Research from the legal services research centre shows that there are likely to be over a million unsolved legal problems each year, and that only half of those with a legal problem choose to seek legal advice. Of those who do seek guidance, one in seven fail to receive any legal advice. It is also much more likely that if a client is facing one legal problem, they will also experience another related legal issue.

The main challenges are the funding of the civil legal aid budget, the recruitment and retention of trained lawyers and advisers, the identification of the needs of the public, and the provision of a seamless legal advice service. The funding of the CLS has been identified as the most important concern of those working in the service. In spite of efforts to control spending, the annual legal aid budget has risen from £1.5 billion in 1997–98, to over £2.1 billion last year, a rise of approximately 40 per cent., or a 10 per cent. increase in real terms.

Despite the rise, practitioners and consumers complain that the sum is not enough to retain good lawyers or to provide a first class service. The £2.1 billion funding has to be shared with the criminal defence service, as well as funding the administration of the Legal Services Commission. In the past seven years, spending on criminal legal aid rose by 37 per cent. in real terms. As funding for civil legal aid is not ring-fenced, that rise has resulted in civil legal aid falling by 13 per cent.

That has meant increasing pressure on legal advice providers in all areas that the CLS covers, and it is important that before the situation becomes critical, funding of the civil legal aid budget is put on a more sustainable and secure footing. This is a call not for unrestrained spending—obviously, there is a limit to the amount that can be spent—but to take forward proposals that can reduce pressure on the service.

Lord Carter seeks to provide a solution to the problems of funding legal aid. His recommendations include cutting the bureaucracy of the Legal Services Commission, and bringing in a market-based system for legal aid allocation and fixed-rate fees for certain types of cases. These proposals should be studied carefully. However, should the number of cases requiring criminal legal aid continue to rise, there will be a corresponding fall in the proportion of the budget allocated for the CLS.

Unfortunately, Lord Carter did not put the recruitment and retention of current legal aid practitioners in the terms of reference of his report. The circumstances that the CLS faces in its efforts to provide legal advice have been well reported. It is a common sentiment of those working in legal aid that the system is facing a crisis, as more lawyers leave the service and fail to be replaced by younger newly qualified practitioners. Kevin Martin, president of the Law Society, has used such words as "meltdown" and "disaster".

The implications for a member of the public wishing to receive specialist legal advice can already be seen. What are known as advice deserts are becoming more common. These deserts are areas in which few or no legal aid solicitor is available. For example, the town of Leatherhead has not one single legal aid solicitor, and in the whole of Kent there are no legal aid solicitors offering housing advice. This puts advice organisations such as the National Association of Citizens Advice Bureaux in an impossible situation.

One bureau in the west midlands tried to advise a man whose ex-wife's new partner was in breach of a court order concerning access to the client's children. The client had a very real concern that his children were at risk from his ex-wife's partner, but the bureau was unable to find a community legal service solicitor within a 15-mile radius to help process an injunction. There are thousands of similar cases.

We must be clear that the failure to retain or recruit new solicitors for legal aid work is not the fault of those solicitors. It is not the case that these practitioners wish to work only on cases that pay well. Many newly qualified solicitors are likely to emerge in the legal world burdened with debt. After seven years of study, many students graduate holding loans of over £20,000. A solicitor with a sense of social justice who practises wholly in legal aid is likely to earn less than a new recruit to the Metropolitan police. They must start paying back their debt and look to secure their future, but the amount that they would get paid under legal aid does not allow them to do so. We must wait for the final version of Lord Carter's report. I hope that it contains proposals on fixed-fee cases that are sufficiently attractive to halt or even reverse the decline in the number of legal aid solicitors.

At the moment, two different services are attempting to cover the gaps in service left by those advice deserts. The specialist support service was created with organisations such as Shelter and the Child Poverty Action Group, and it includes people who have the relevant expertise to help those with problems in areas such as housing and family law. The tiny amount of £2.9 million a year is spent on the specialist support service, but, as my hon. Friends know, until last week the LSC had decided to terminate its funding. Last Wednesday, the LSC reversed that decision, and it will start a new consultation process, and I hope that the service and the consultation process will be improved. I welcome that U-turn and pay tribute to my hon. Friend the Member for Cardiff, North (Julie Morgan), who led the campaign to get the LSC to reconsider its decision.

Julie Morgan (Cardiff, North) (Lab): I thank my hon. Friend for giving way and initiating this important debate. I know that he is as pleased as I am that the LSC has reversed its decision on the specialist support service following the Constitutional Affairs Committee report. Does he think that that threat to the specialist support

service showed the LSC's lack of understanding of the complex nature of the legal advice that is required? Citizens advice bureaux, other voluntary organisations and CLS direct need the back-up of the experts at the specialist support service to ensure that some of the most vulnerable people receive high quality legal advice.

Keith Vaz: My hon. Friend is right. As I have said, I believe that her leadership of the campaign resulted in the change. It is vital that we have a good consultation process, because if the consultation is good, the case will be made to keep the service going.

The second service that was meant to relieve pressure on the Community Legal Service is CLS Direct, which is a telephone and internet service that members of the public approach directly. In some cases, an individual will have a query that can be answered without the need to see a solicitor. Last year, more than 210,000 calls were made to the telephone service, with more than 500,000 visitors to the website. This afternoon, my office phoned CLS Direct on behalf of Mrs. Valerie Volpi, who has suffered a fall, to see where and how she could seek guidance. After two attempts, we got through the automated system and managed to speak to a human being. We were told that unfortunately it could offer advice only on debt, housing and welfare benefits, but that it could provide Mrs. Volpi with the telephone number for her local CAB.

The system is too bureaucratic. I have used the website and found it to be satisfactory in the way in which it provides explanations of basic points of law. With improvements, CLS Direct could be a very useful service, although there needs to be a campaign to raise awareness of its existence. I was very disappointed to find at a recent Select Committee meeting under the chairmanship of the right hon. Member for Berwick-upon-Tweed that the acting chief executive of the LSC was unable to recall the number of the service, which is, for the benefit of the House, 0845 3454345. Although those services complement the work of the CLS, they cannot form a mainstream option for the provision of legal advice, because they will not be able to cope if the number of legal aid solicitors continues to decrease.

The final area in which the CLS is under challenge concerns the clustering of legal problems. A survey showed that 46 per cent. of all respondents with justice problems reported two or more problems, of whom 47 per cent. reported three or more problems. Clustering can best be understood as a domino effect resulting from an initial legal aid problem. For example, a mother suffering from domestic violence due to her situation has a greater chance of becoming homeless, suffering poverty or experiencing other issues of family law. Of course, the longer it takes to deal with the initial situation, the more chance there is of its entering into other areas of civil, even criminal, law, requiring greater specialist knowledge, greater expense and the involvement of other authorities. Alternatively, situations can arise that immediately relate to several areas of law. It is incumbent on the Legal Services Commission to formulate a strategy that can quickly identify and deal with such cases to ensure a seamless service. That requires an holistic approach that has not yet been answered by the current network of CLS partnerships.

In the five-year plan for the CLS that has just been published, the LSC informs us that it will abandon those partnerships and look towards the establishment and use of community legal and advice centres, which are intended to bring together specialists from a variety of legal fields to create a one-stop shop for legal advice.

David Taylor (North-West Leicestershire) (Lab/Co-op): I understand that 12 of those centres are likely to be set up, including one in our own city of Leicester. Does my hon. Friend share my optimism about how they might operate, drawing on his distinguished service in the Belgrave law centre before he became an MP? Is he as happy as I am about the need to roll them out into the deserts that he mentioned? I am not sure that Leicester is necessarily one of those, but I am sure that it is a good place in which to pilot because of the multiple groupings of problems.

Keith Vaz: I thank my hon. Friend for that intervention. He is absolutely right. Leicester is a great place to pilot the new scheme. I am sure that that has nothing to do with the fact that I have secured this debate. One of the CLS's senior officials, the director of children's services, has said that it has had more pilots than British Airways. It is extremely important that we look carefully at the situation to assess whether the pilots are successful, but I am glad that they are coming to Leicester.

I seek an assurance from the Minister that there is no question of the funding for the Law Centres Federation being removed. She comes from a long and distinguished tradition of involvement in this movement, and I would be very sad if she, of all Ministers, decided that this was the time to take away funding from Citizens Advice or from the Law Centres Federation.

Civil legal aid is usually overshadowed by the criminal legal aid branch. However, the CLS fulfils a vital role in ensuring a just and equitable society. For the clients involved, civil justice problems can have a devastating impact on their life. It is extremely important that we proceed to map out a very careful plan for the CLS. The Department for Constitutional Affairs, under the current Lord Chancellor, my right hon. and learned Friend Lord Falconer of Thoroton, and an excellent team of Ministers, has modernised our legal process beyond recognition, and that will be one of the true legacies of this Labour Government. However, it should not take away the intrinsic elements that have made our legal system the envy of the world.

10.18 pm

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): I thank my hon. Friend for choosing the important issue of legal aid as the subject of this debate. I congratulate him on his speech, which I will draw to the attention of Lord Carter and which will of course be studied by the Legal Services Commission as well as by other hon. Members.

I thank my hon. Friend for the warmth of the welcome that he gave me in my new portfolio of responsibilities. I particularly value it as it comes from him, as he has done so much in this House since 1987 consistently to raise the issues of access to justice and the vital part that good quality legal services play in that. I hope that he will bear with me, as I took over this portfolio of responsibilities only last week.

Like my hon. Friend, I am in politics because I want to be part of the effort to tackle poverty and social exclusion. Like him, I represent a constituency where

[Ms Harriet Harman]

there are still problems of social exclusion. Like him, I regard it as important to ensure that my constituents have not only good schools and hospitals and a job, but their legal rights. We have tried—indeed, he has been part of trying—to make the law fairer. We have brought in laws that make things fairer for tenants, for employees, and for people who face discrimination. However, like him, I believe that there is only any point in those laws—and all other laws that exist to make society fairer—if everyone has access to good legal advice and the law is accessible to all. That has been our concern since we came into government in 1997.

I acknowledge that, as my hon. Friend said, a great deal of unmet legal need continues to exist. Our concern about that was the basis of our introducing the Community Legal Service. Since then, I hope that there have not been too many legal initiatives, but several projects have tried to improve the quality of legal advice and assistance and get it to those who need it most. My hon. Friend mentioned CLS Direct. He is right that, as yet, it deals only with debt, housing and welfare benefits, but it already provides advice to 2,000 people a week. Many of those would not get legal advice in any other way. That applies especially to young people, who want to get advice and information on the internet. However, I agree with my hon. Friend that the service needs further publicity.

We are also finding new ways to provide legal services so that, for example, we take them to where people are. That includes providing them at county court, where people face, for example, actions for housing possession, instead of expecting them to go to the lawyer's office. That helps 400 people a week throughout the country. My hon. Friend rightly said that we need a seamless service instead of making people go from pillar to post. That lies behind the one-stop shop service in Leicester that he and my hon. Friend the Member for North-West Leicestershire (David Taylor) mentioned.

The number of people helped with legal advice for civil matters is 20 per cent. higher than last year, especially with housing, mental health, debt and benefit problems. However, I am not here to tell hon. Members that all is rosy. We know that there is more to be done and that there are problems to tackle. The Select Committee on Constitutional Affairs highlighted those.

One of the problems is that less money is spent on legal aid for family and civil cases now than in 1997. As my hon. Friend the Member for Leicester, East said, the overall legal aid budget has increased from £1.5 billion in 1997 to £2.1 billion this year. However, that increase has been taken up with extra spending on criminal legal aid, which has increased from £734 million in 1997 to £1.169 billion this year. That is a 37 per cent. real increase against a background of a fall in the number of criminal cases.

However, the amount spent on civil and family legal aid has gone down from £755 million in 1997 to £722 million, which, when one takes inflation into account, is the equivalent of a £200 million—or 22 per cent.—real terms cut. That is one of the reasons why we have asked Lord Carter, to whom we are grateful, to review legal aid services. We are not simply waiting for his final report. We have already introduced the Criminal Defence Service Bill and tighter controls on the high cost criminal cases.

Our aim is to have a properly funded criminal legal aid system and to ensure that the civil and family system gets a larger share of the overall legal aid budget. My hon. Friend raised the important issue of specialist support services. He rightly paid tribute to my hon. Friend the Member for Cardiff, North (Julie Morgan), who raised the matter not only in the Select Committee but in the Lobby with me on several occasions. She actively pressed that important point and I can confirm that the Legal Services Commission has committed itself to continuing to fund specialist support services while it undertakes a proper consultation on the future.

I shall, of course, ensure that I keep the House regularly updated on the progress towards our shared objectives and I look forward to working with my hon. Friend the Member for Leicester, East, the Chairman and other members of the Select Committee, and many others who are interested in that important issue.

Question put and agreed to.

Adjourned accordingly at twenty-four minutes past Ten o'clock.

House of Commons

Tuesday 28 March 2006

The House met at half-past Two o'clock

PRAYERS

The unavoidable absence of MR. SPEAKER *having been announced,* THE CHAIRMAN OF WAYS AND MEANS *took the Chair as* DEPUTY SPEAKER, *pursuant to the Standing Order.*

PRIVATE BUSINESS

HBOS GROUP REORGANISATION BILL

Order for Third Reading read.

To be read the Third time on Wednesday 19 April.

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Royal Mail/Post Office

1. **Mr. Alan Reid** (Argyll and Bute) (LD): What recent discussions he has had with ministerial colleagues on the future of the Royal Mail and Post Office in Scotland. [60656]

5. **Mr. Mike Weir** (Angus) (SNP): What recent discussions he has had with ministerial colleagues on the future of the post office network in Scotland. [60660]

The Parliamentary Under-Secretary of State for Scotland (David Cairns): My right hon. Friend the Secretary of State and I regularly meet ministerial colleagues and we discuss a range of issues.

Mr. Reid: The Government's plan to abolish the Post Office card account in four years time will, according to Post Office management, lead to the closure of 10,000 of the country's 14,000 post offices, which will mean that hardly a rural post office will be left in Scotland. Surely that cannot be allowed to happen. Will the Minister back those Scottish pensioners who have chosen to collect their pension at a post office, and will he urge the Department for Work and Pensions to retain the post office option for pensioners after 2010?

David Cairns: I have completely given up hope that when the Liberal Democrats raise the issue of post offices, they might pause for a moment to reflect on the £2 billion of investment that this Government have put in to help sustain the post office network. Hundreds of millions of pounds of investment will enable people to access universal banking. The hon. Gentleman knows as well as I do that the commitment on the Post Office card account runs out in 2010; moreover, more than 70 per cent. of people who have such accounts also have bank accounts. It is this Government's investment in the Post Office that is giving it a fighting chance, and I fail to see how the hon. Gentleman's party's policy of privatising it would help.

Mr. Weir: Is the Minister not being a little complacent about the future of the Post Office? Does he not know, for example, that Citibank, which runs the Post Office card account, has transferred such accounts to another provider without even telling those who have them? Does he not feel that the Government's card account policy, which is undermining the situation prior to 2010 and also the future of post offices, is in utter confusion? Will he get the Department for Work and Pensions to look again at this ridiculous decision?

David Cairns: As I just said, no decision has been taken on how the situation will work out after 2010. I point out again that it is thanks to this Government putting thousands of millions of pounds into the Post Office—including an additional £300 million into sustaining the rural network—that it has any kind of future at all. The hon. Gentleman's policies would allow the post office network to wither on the vine, but we are not prepared to do that.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Does my hon. Friend agree that when the Post Office decides to sell premises—it decided, for example, to sell the post office in Coatbridge town centre to Spar—it would be appropriate for consultations to take place, but not during the Christmas and new year period? Moreover, when applications for drink licences are part of the project, it might be courteous to inform the Member of Parliament concerned and, indeed, the Member of the Scottish Parliament.

David Cairns: Obviously, the Post Office's commercial arrangements for disposing of its assets are primarily a matter for it, but I would of course hope that it could extend to my right hon. Friend—who is well known in this House as a diligent and hard-working MP who represents his constituents' best interests—the courtesy of informing him of such decisions. Of course, he is talking primarily about the Crown post office network, which represents less than 4 per cent. of the total network and loses more than £70 million a year. The Post Office has some tough commercial decisions to take, but that should not short-circuit the normal planning application process, or the courtesies to which my right hon. Friend refers.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): Last week, the Department for Work and Pensions said that the new products and services available from the Post Office from 2010 would be based on customers actual behaviour and requirements. How will the requirements of customers in Scotland, particularly those in rural areas, be factored into those products and services?

David Cairns: This is precisely the point: it is because people's shopping habits are changing that we have to take these difficult decisions. More and more people are choosing to have their benefits paid directly into bank and building society accounts, which is why we invested

money to make sure that the Post Office is part of the universal banking network. Had we not done so, it would have had absolutely no chance whatsoever. The hon. Gentleman mentions rural post offices, but he would do well to remember that when his party was in power, 3,500 rural post offices closed, so he is in no position to lecture anyone on this issue.

Employment Statistics

3. **Ann McKechin** (Glasgow, North) (Lab): What recent assessment he has made of trends in unemployment in Scotland. [60658]

7. **Mr. Jim Devine** (Livingston) (Lab): If he will make a statement on the latest rate of employment in Scotland. [60662]

The Secretary of State for Scotland (Mr. Alistair Darling): The Scottish labour market is in its strongest position in decades, with more people in work and fewer unemployed than ever before.

Ann McKechin: My right hon. Friend may be aware of the article in Monday's edition of *The Herald*, showing that Glasgow's and Edinburgh's economic performance outstripped that of every other city in the United Kingdom, with the exception of London. Does he agree that that represents a success for the employment policies of this Government, who are spending much more time and money on ensuring that more people in Scotland enter the employment market?

Mr. Darling: I agree with my hon. Friend that it is good that both Edinburgh and Glasgow are doing extremely well in terms of economic performance. It is good to see so many people in work today, whereas a decade ago many were out of work. There is still more to do, particularly in Glasgow, where there are still many people who could, with appropriate help, get back to work. What has happened shows that those who opposed the new deal almost 10 years ago were wrong to do so.

Mr. Devine: My right hon. Friend will be aware that when the Conservative party was in power, unemployment in my constituency was in excess of 20 per cent. When I was working in a health centre, I saw doctors prescribe anti-depressants, but if they could have prescribed a job people would not have needed to come to the health centre. Today's figures are only a tenth of what they were. Does my right hon. Friend agree that "caring, compassionate conservatism" is a contradiction in terms?

Mr. Darling: Anyone who visited West Lothian during the Tory years will have seen exactly what happened to thousands of people who were out of work and left with no prospects whatever. Livingston now has one of the highest employment rates in the country. The constituency is doing well precisely because we have built a strong and stable economy with good job prospects. Scotland is now a place where people want to come and do business.

Jo Swinson (East Dunbartonshire) (LD): I am sure that we all welcome the employment figures overall, but there are still 285,000 people in Scotland on incapacity benefit, many of whom would like to find work. Will the Secretary of State explain how the loss of 1,500 staff from the Department for Work and Pensions in Scotland over the next two years—on top of the 1,500 jobs already axed—will help claimants with the support that they need to find work?

Mr. Darling: First, let me welcome the hon. Lady to her new position as the Liberal Democrat shadow Secretary of State for Scotland. The fact that she welcomes the low levels of unemployment is good, but it is a pity that when we introduced the new deal the Liberals opposed it—*[Interruption.]* They were in favour of the concept, but against providing the money to pay for it.

As for the hon. Lady's question about the DWP and Jobcentre Plus, at one point the DWP employed more than 100,000 people. However, unlike many banks and insurance companies, which have automated their payment procedures and changed the way they work, the DWP has not done so. What is happening in the DWP and Jobcentre Plus now is the result of having to take account of new IT systems and different ways of working, which will help to provide a better service. If the hon. Lady has visited one of the new Jobcentre Plus offices, she would know that they are a world apart from what they used to be 10 or 15 years ago. They provide effective help, so that people who lose their jobs can have the support that they need to get them back into work as quickly as possible. I suspect that none of the difficult decisions would have been taken by the Liberal Democrats.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): Is my right hon. Friend aware that Scottish Coal, which operates surface mines in my constituency and elsewhere in Scotland, is currently consulting on making up to 150 redundancies, largely as a result of consecutive rises in gasoil duty? The straw that broke the camel's back was last week's Budget announcement. Will my right hon. Friend meet me urgently to discuss the problem and will he ask the Chancellor to examine the practical implications of his policy in that regard?

Mr. Darling: I am aware of the Scottish Coal announcement that was made last week. I or my hon. Friend the Under-Secretary will be happy to meet my hon. Friend to discuss the matter.

Mr. Alex Salmond (Banff and Buchan) (SNP): What does it tell us about employment prospects in the fishing industry when Banff and Buchan colleges have been forced through financial pressure to discontinue all training courses relating to that industry? Does the Secretary of State realise that this is the only such training provision on the mainland of Scotland, which educates through mates and skippers tickets the vast majority of people across the UK? How does that square with what the Chancellor said last Wednesday about a rosy future for further education colleges? Does the right hon. Gentleman agree that those courses represent training in a strategic industry and should be protected for the future of employment in that industry?

Mr. Darling: As the hon. Gentleman will know, the funding of further education colleges in Scotland is a matter for the Scottish Executive. Because we are increasing the amount of money spent on education more generally, Scotland has benefited, but what courses are appropriate is a matter for the Scottish Executive and further education colleges.

Mr. John MacDougall (Glenrothes) (Lab): Does my right hon. Friend agree that it is no coincidence that one of the longest periods of stability in the economy in our history has resulted in the remarkable reduction of unemployment that we have seen since 1997?

Mr. Darling: That is right. One of the main reasons for such high unemployment in the 1980s and 1990s was the fact that, under the previous Conservative Government, we saw two of the deepest recessions of the last century. Many individuals and their families suffered in consequence. Now that we have a strong economy, we have had growth in each consecutive quarter since we came to power—and we have had very low levels of unemployment, with record numbers of people going into work. We have also been able, crucially, to increase the amount of money given to families, particularly those with children, in order to help them do well for themselves and to adapt to changing labour market conditions.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): Is it not complacent of the Secretary of State to base his view of Scotland's economy on only one set of employment figures? Is he not aware of the growing concern among the business community and economists in Scotland that recent growth was due to expansion of the public not the private sector—an unsustainable trend in the long run?

Mr. Darling: No, I think the hon. Gentleman is wrong on all three counts. First, I did not base what I said on one recent set of employment statistics. If he looks at the employment statistics issued over the past few months and the past few years, he will see that unemployment is at an historically low level and that employment is at an historically high level.

The size of the public sector in Scotland has not changed much over the past few years but, yes, there are more doctors, more nurses, more teachers and more police. We are in favour of that, but the Conservatives are pledged to reduce public expenditure, which inevitably would result in less resources being available for it.

The hon. Gentleman referred to surveys. The last few business surveys have actually been extremely optimistic about Scotland's prospects. Indeed, Scotland, like the rest of the United Kingdom, continues to be a very good place to do business, which is why so many people are in work. If the hon. Gentleman wants to make comparisons, why does not he cast his mind back to 10 or 20 years ago when the position was completely different?

David Mundell: I know that the right hon. Gentleman, like his right hon. Friend the Chancellor, prefers to talk about the past rather than the present and the future, but he cannot dispute the fact that 51 per cent. of Scotland's gross domestic product is in the public sector, compared with 40 per cent. in the UK as a whole. Does he think that the proportion in Scotland is too high, too low or just about right?

Mr. Darling: I refer the hon. Gentleman to what I said a few moments ago. The size of the public sector has not changed that much, but I make no apology for the fact that we are employing more teachers, more doctors and more nurses. I would have thought that most people in Scotland would think that that is a good thing. At the same time, despite what the hon. Gentleman says, employment prospects in Scotland are good—as is the number of people in work—but we are not complacent, as there will be changes and constant challenges from different parts of the world.

I am happy to talk not just about the present but the future too, because as long as we maintain our present policies and maintain stability—taking the right decisions about public expenditure, instead of being locked into a wholly dogmatic rule that there must be public expenditure cuts regardless of what is required—and stick to the course we have set, the prospects for Scotland and the United Kingdom are good. If the hon. Gentleman and his colleagues were to get into power, many of the things to which people are becoming accustomed would be lost.

Ms Katy Clark (North Ayrshire and Arran) (Lab): Does my right hon. Friend agree that the latest figures are far from a one-off? In my constituency, there has been an increase of more than 25 per cent. in employment since 1997, although the constituency has still not fully recovered from 18 years of Tory rule, when industry after industry was closed. Will my right hon. Friend join me in welcoming the recent initiative to create an Irvine bay regeneration company to bring investment to my area and create jobs, because our goal of full employment is vital in ensuring that we spread prosperity throughout the whole community?

Mr. Darling: My hon. Friend is right. She is right, too, to stress the importance of regeneration, not just in her constituency but in certain other parts of Scotland. Most of us can remember what Ayrshire was like 10 or 15 years ago, when thousands of people were not only out of work, but had no prospect of ever getting any work. A second generation of people was growing up with no prospect of getting work. The position is different now, but we cannot be complacent—we must constantly be aware of the fact that there are still people we need to help to get into work, but the strong economy and background created by my right hon. Friend the Chancellor has benefited my hon. Friend's constituency as well as every other constituency in Scotland.

Sub-post Offices (Closures)

4. **Malcolm Bruce** (Gordon) (LD): Whether he has made an assessment of how many sub-post offices in Scotland may close when (a) the rural subsidy ends and (b) the Post Office card account is phased out. [60659]

The Parliamentary Under-Secretary of State for Scotland (David Cairns): The Government have committed £300 million to rural post offices over the next two years. No decision on the future funding or size of the network beyond that time has yet been made.

Malcolm Bruce: I thank the Minister for that answer, but is not it the case that phasing out the rural subsidy and ending the Post Office card account—a betrayal if ever there was one—will leave pretty well every post office in rural Scotland non-viable? What will he do to ensure that those post offices have a viable future? Will he co-ordinate with other Government agencies to ensure that they do not face oblivion? Earlier, the Minister criticised the Liberal Democrats, but at least we have a plan for investment in the Post Office. What is his?

David Cairns: It is interesting that the hon. Gentleman used one "p" word, plan, but did not use another, privatisation. Privatisation is the Liberal Democrat solution, coupled with their plan to abolish the Department of Trade and Industry, which is where the subsidy comes from, and spend its budget elsewhere. The Liberal Democrat peer Lord Greaves said that if the plan to privatise the Post Office goes through,

"it moves us to the right of David Cameron."

That is hardly a healthy position for the Liberal Democrats to be in.

Child Poverty

6. **Mr. Mohammad Sarwar** (Glasgow, Central) (Lab): What assessment he has made of progress in Scotland towards the Government's target of reducing the proportion of children living in low-income families by a quarter by 2004–05.

The Parliamentary Under-Secretary of State for Scotland (David Cairns): In 1998–99, there were an estimated 290,000 Scottish children in relative low-income families. By 2005, that number fell to 190,000, a reduction of 34 per cent., which exceeds the Government's child poverty target for the period.

Mr. Sarwar: I thank the Minister for that reply and I hope that Members from both side of the House welcome that progress. Does my hon. Friend agree that there are still low-income families in the east end and south side of Glasgow? Does he further agree that the increased minimum wage and better jobs are the best ways to help disadvantaged children?

David Cairns: Absolutely; I am happy to agree with my hon. Friend. As my right hon. Friend the Secretary of State said a moment ago, there are more people in work in Scotland today than at any time in the nation's history. With measures such as the minimum wage, the working tax credit and the child tax credit, we are making work pay for those families. Spending per head in Glasgow is higher than in any other part of Scotland, which is quite right because of the deprivation and poverty that still exist there. An enormous amount of progress has been made. We are making tremendous inroads into reducing poverty with a view to eradicating it altogether, but all of that would be put at risk if we stopped the funding going into areas such as Glasgow, which would be the inevitable consequence of the election of the Conservatives.

Devolution

8. **Miss Anne McIntosh** (Vale of York) (Con): What devolution issues the Advocate-General has considered since 28 February. [60663]

The Secretary of State for Scotland (Mr. Alistair Darling): I should declare an interest: I am a non-practising member of the Faculty of Advocates.

As the House will know, Her Majesty the Queen has approved the appointment of Neil Davidson, QC, as Advocate-General from 21 March. I am told that since 1 March, 59 devolution issues have been intimated to the Advocate-General.

Miss McIntosh: May I declare a similar interest? I am also a non-practising member of the Scottish Bar. I think that it is rather longer since I ceased to practise.

I add my congratulations, as I have already done in writing, to the new Advocate-General and welcome him to his position. I regret that this is the first time ever that we have had a Law Officer who is not a Member of either House and so cannot be exposed to the full scrutiny of the House. Will the right hon. Gentleman take the earliest opportunity to ask the new Advocate-General his views on why, increasingly, the public are being excluded from criminal trials before the High Court in Scotland? Does the right hon. Gentleman share my concern at that and will he look closely at the reasons for it?

Mr. Darling: I can correct the hon. Lady on one point: Neil Davidson is a Member of the House of Lords. Unless I am very much mistaken, he was introduced about 20 minutes ago. If I am wrong and a message comes from the other place, I will happily stand corrected—and I will want to know why, as well. In relation to her other point, I am not aware of people being excluded. Clearly, the conduct of affairs in the Scottish courts is a matter for the Scottish Executive and the Lord Advocate. If there is a problem, I will certainly look into it, but I am not aware of one.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I, too, add my words of congratulation to Neil Davidson, QC, who was a very good Solicitor-General in his day. One of the functions of the Advocate-General is to ensure that legislation coming before the House is Human Rights Act compliant. How on earth did the previous Advocate-General manage to make that judgment in relation to the Legislative and Regulatory Reform Bill and will that now be considered again?

Mr. Darling: I shall pass on the hon. Gentleman's good wishes. I think that I am right in saying that the new Advocate-General specialised in human rights legislation when he was in private practice, so I am sure that he will be only too happy to consider the issue from the other side of the fence.

In relation to the Legislative and Regulatory Reform Bill, I am aware of the general concern in the House and outside it. The objective was to try to introduce legislation that would make it easier to get rid of what might loosely

be called red tape. It is also important, though, to make sure that we have a correct balance between doing that and having proper safeguards. I understand that my hon. Friend the Under-Secretary of State for the Cabinet Office is reflecting on that at the moment.

Labour Market Statistics

9. **Mr. John McFall** (West Dunbartonshire) (Lab/Co-op): What assessment he has made of the most recent labour market statistics for Scotland; and if he will make a statement. [60664]

The Secretary of State for Scotland (Mr. Alistair Darling): I refer my right hon. Friend to the answer that I gave earlier to Questions 3 and 7.

Mr. McFall: Has the Secretary of State seen the recent Royal Bank of Scotland report that indicates that private sector employment in Scotland has risen in each of the past 12 months? Given that situation, will he take up the challenge that the Chancellor set out in his Budget last week so that we plan for long-term challenges, ensure that the globalisation agenda, with the increasing drive from China and India, is taken on in Scotland, and ensure that Scotland's private sector is indeed the engine of growth for the country?

Mr. Darling: I did see that recent report. It was encouraging that the bank said that Scottish manufacturing appeared to be in better shape than that in many other parts of the country. My right hon. Friend is also right that at a time when there is huge expansion of the Chinese and Indian economies, as well as in other parts of the world, we must ensure that we can adapt and capitalise on our strengths, such as education, so that we can continue to generate jobs and see our economy grow.

Mr. Charles Walker (Broxbourne) (Con): What specific measures are the Government taking to make Scotland an even more attractive place for doing business to the private sector and, especially, to encourage high-skill industry in Europe to locate to Scotland?

Mr. Darling: The single most important thing is to ensure that we have a stable economy with low interest rates so that firms coming into Scotland can plan ahead for the future. The hon. Gentleman will be aware of the help that the Scottish Executive give on training and supporting companies, when that is necessary. They generally help firms and encourage them to come and invest, and that policy has been hugely successful. As I said a moment ago, we must be mindful of the fact that there are challenges from all over the world, but I am confident that Scotland will continue to do well, and many recent surveys recognise that.

Child Poverty

10. **Miss Anne Begg** (Aberdeen, South) (Lab): What assessment he has made of progress in Scotland towards the Government's target of reducing the proportion of children living in low income families by a quarter by 2004–05. [60665]

The Parliamentary Under-Secretary of State for Scotland (David Cairns): I refer my hon. Friend to the answer that I gave a few moments ago to my hon. Friend the Member for Glasgow, Central (Mr. Sarwar).

Miss Begg: While it was slightly disappointing that the Government did not hit their target on reducing child poverty, that was partly because the target was very ambitious, and it does not detract from the fact that a large number of children in Scotland have been taken out of poverty. In the next stage, the Government will obviously have to work with the Scottish Executive. There were welcome measures in the Budget, especially regarding the child trust fund, and money was also made available to the Scottish Executive for education. Will my hon. Friend discuss with the Scottish Executive how we can ensure that that money is targeted on helping to lift more of Scotland's children out of poverty.

David Cairns: May I just correct my hon. Friend on one point? Although it is true that the Government just failed to meet their target on the reduction of poverty throughout the UK, we actually exceeded the target in Scotland—we met and went beyond it. Of course, that was due to the excellent close partnership that exists between the Government and the Scottish Executive. The measures that we are putting in here, such as the child tax credit, the working tax credit and a 26 per cent. increase in child benefit, together with the measures that the Scottish Executive have put in place have, as a package, meant that we have made great progress on reducing poverty. That shows that the partnership works, and that Opposition parties that want to break that partnership—or mess about with it, as the Liberal Democrats want to do—are playing with fire.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): Is not the fact that many of the lowest income families face benefit withdrawal rates of 70, 80, or even 90 per cent. one of the major reasons why many children still find themselves living in poverty? Is not tackling that problem, which means that many people are paying effectively higher rates of tax than the top rate of tax, vital for improving incentives to work and thus helping more children out of poverty?

David Cairns: If that were the case, there would have been no reduction in child poverty, but instead there has been a 34 per cent. reduction, which is way ahead of target. That proves that the hon. Gentleman's analysis is wrong and that the child tax credit is helping the poorest families and those on average incomes. The child tax credit, together with all the other measures that we have put in place—the working tax credit and big increases in child benefit—is the reason why we are seeing remarkable and dramatic reductions to poverty in Scotland, so I simply cannot agree with the hon. Gentleman.

Identity Cards

11. **Mr. Peter Bone** (Wellingborough) (Con): Whether the introduction of identity cards in Scotland will differ from the process in the rest of the United Kingdom. [60666]

The Secretary of State for Scotland (Mr. Alistair Darling): The introduction of identity cards is a reserved matter. The procedure for issuing them will be exactly the same in Scotland as it is in the rest of the United Kingdom.

Mr. Bone: Is the Secretary of State happy that the people of Scotland will have a compulsory identity card imposed on them when the Labour manifesto promised a voluntary scheme?

Mr. Darling: I believe that people will support the idea that people have to identify themselves, especially for the purposes of social security payments and in relation to employment and nationality and immigration matters. The whole point of the legislation is to enable us to set up a database. Hon. Members should remember that most people are required to prove their identity now, not just to open bank accounts, but to get passports and so on. It makes sense to put that on a proper basis. When the surveys are carried out, some people are surprised to learn that most people in Scotland do not think that there is anything wrong in principle with having to say who they are when accessing a public service.

Pension Credit

12. **Michael Connarty** (Linlithgow and East Falkirk) (Lab): What assessment he has made of the impact of pension credit on pensioner poverty in Scotland. [60667]

The Parliamentary Under-Secretary of State for Scotland (David Cairns): Tackling pensioner poverty is one of this Government's priorities and the pension credit is helping to achieve that. In Scotland, there are currently 338,000 individuals in receipt of pension credit.

Michael Conna[illegible]ank my hon. Friend for that answer. I know [illegible]000 of his constituents and 5,500 families in my constituency are in receipt of pension credit. However, there are two worrying things. During the election, it was the one issue that pensioners came to me to shake my hand on—although they do not do such things publicly in a gathering—and say that it had changed their lives and lifted them from poverty. First, is it not concerning that 1.2 million pensioners are not claiming their pension credit, the value of which is £1.6 billion? Secondly—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. One question will do in view of the hour.

David Cairns: I entirely agree with my hon. Friend that the pension credit is making a big difference, with an average award of an additional £40 for pensioners, and more for the poorest pensioners, which makes a big difference to poor pensioners in his constituency and in mine. Obviously, we want 100 per cent. take-up of the pension credit. I hope that every Member of Parliament will lead the campaign, as I know he is doing in his constituency, to ensure that every pensioner claims what they are entitled to, because it can make a very big difference to their lives.

CONSTITUTIONAL AFFAIRS

The Secretary of State was asked—

Power Commission

16. **Richard Burden** (Birmingham, Northfield) (Lab): What assessment she has made of the implications for the work of her Department of the recommendations of the Power commission. [61520]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): The Power inquiry made many recommendations about parliamentary and democratic processes and it is a welcome addition to the debate on democratic engagement in Britain.

Richard Burden: I thank my hon. Friend for that reply. Does she agree that three issues need to be included in any effective response to the way in which the Power inquiry dealt with the problem of the public's disconnection from the political process? Does she agree that the first thing to address is the need for transparency in party funding, something that should apply equally to Opposition parties and to Government parties? Secondly, does she agree that election, not appointment, should be the cornerstone of any House of Parliament that plays a role in framing the laws of this country? Thirdly, as the Government are—

Mr. Deputy Speaker: Order. That is a long supplementary question. Two points are good enough.

Bridget Prentice: Perhaps my hon. Friend will let me know what the third point is on another occasion.

My hon. Friend is right about transparency in party funding. We have set up the Phillips review to look at that. We are also in positive talks across parties about that transparency. On reform of the House of Lords, he knows that there will be a free vote in this House on the subject.

Simon Hughes (North Southwark and Bermondsey) (LD): Do Ministers in the Department agree with the first proposal of the Power report, namely, that there should be a rebalancing of power from the Executive and quangos to Parliament and local Government? If so, is she willing to commit her Department to talks with the Conservative party and the Liberal Democrats on how we achieve that sooner rather than later?

Bridget Prentice: I welcome the hon. Gentleman to his post at this Question Time and look forward to engaging with him on these questions in future.

The Department will make a structured response to the Power inquiry. We will identify a number of solutions before we provide that. I know that the inquiry is looking forward to meeting people at the beginning of May to make further progress on some of the debates that it had. It has raised a number of key issues and we will want to respond to them as positively as possible.

Dr. Alan Whitehead (Southampton, Test) (Lab): One recommendation of the Power inquiry concerns how Parliament might have greater powers to initiate legislation, launch public inquiries and take action on public petitions as methods of communicating better with the public. Will my hon. Friend take the opportunity of the forthcoming Joint Committee on the powers of the House of Lords to look at those aspects of the way in which this House works?

Bridget Prentice: Many of those issues will be taken into account in the debates on the reform of the House of Lords. At the end of the day, it is for the Commons to make a decision in a free vote about the composition and structure of the House of Lords. As my hon. Friend will be aware, my noble Friend the Lord Chancellor has already met the political parties, and is holding discussions with them about the way in which we can take that discussion forward.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I welcome the hon. Lady to her enhanced responsibilities. She will be aware that the Power commission recommended a substantially elected second Chamber, and the Lord Chancellor has begun discussions in the hope of bringing that about. Does she not agree with the commission that the main purpose of doing so is to try to establish a second Chamber that has greater legitimacy in holding the Government to account? If so, how does she reconcile that with the Labour manifesto commitment to legislate to weaken the ability of the House of Lords to scrutinise the legislation, as the two do not add up?

Bridget Prentice: I do not agree that the two do not add up. When we look at reform it is important that we decide what the relevant processes are and what the House of Lords should do. Most Members of Parliament agree that that is how we should proceed before we decide the composition. I hope that in discussions now and in the near future we can come as close as possible to consensus. There is a wide variety of opinion in the House, as was clear the last time that the issue was debated, when not one of eight options was finally agreed. There is therefore much to discuss and I am sure that we all look forward to doing so.

Small Claims Court

17. **Mr. David Kidney** (Stafford) (Lab): What changes she plans to make to the jurisdiction of small claims courts. [61521]

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): The Better Regulation Task Force in its report, "Better Routes to Redress", recommended that research should be carried out into the potential impact of raising the current small claims limit for personal injury cases of £1,000. Work is currently under way to renew all case claim limits.

Mr. Kidney: I thank my right hon. and learned Friend for her reply. On the point of principle, does she accept the distinction between most other cases and housing disrepair and personal injuries? Does she agree with a wide range of organisations, including the Association of Personal Injury Lawyers, the Law Society, Irwin Mitchell—a big law firm—and the TUC that those special cases require much lower jurisdiction so that people can claim their costs if they win their case?

Ms Harman: The point of principle is to make sure that there is as much access as possible to justice for people who suffer a wrong and require redress. That is the overarching principle, and we will hold discussions with the legal profession, trade unions, insurers, consumer groups and advice agencies. We will look at the work of Select Committee on Constitutional Affairs and the Civil Justice Council when considering the issue, and we will take people's views into account, including those of hon. Members.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): Would not the most valuable improvement in the small claims court be to ensure that its judgments are more effectively enforced? On personal injuries, would it not be a little odd if we allowed a long set limit entirely to erode the opportunity for any small personal injury cases ever to go to the small claims court?

Ms Harman: The right hon. Gentleman makes an important point, and we will bear it in mind.

Nia Griffith (Llanelli) (Lab): May I amend Question 21, Mr. Deputy Speaker?

Mr. Deputy Speaker: Order. I think that the hon. Lady should ask Question 18.

Nia Griffith: May I amend Question 18, Mr. Deputy Speaker?

Mr. Deputy Speaker: Order. The hon. Lady must await a ministerial answer to Question 18 before asking a supplementary question.

Specialist Support Services

18. **Nia Griffith** (Llanelli) (Lab): If she will reverse the decision to end funding for specialist support services. [61522]

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): On 22 March, the Legal Services Commission announced that it had reviewed its earlier decision to terminate those contracts and had informed providers that the contracts will continue.

Nia Griffith: I am sorry, Mr. Deputy Speaker, I tabled the question before the decision was announced, which is why I wished to amend it. Can the Minister confirm that she will ensure that there is full consultation with all the relevant bodies, including the Welsh Assembly Government in the case of the Welsh specialist support service, and that she will announce the responses on the Floor of the House?

Ms Harman: The Legal Services Commission will have learned lessons from what happened and understood the points made by hon. Members, including my hon. Friend and her colleague from Wales, my hon. Friend the Member for Cardiff, North

(Julie Morgan), and the Select Committee. The aim is to ensure that people have as much expert high quality advice as early as possible to resolve legal disputes.

Mr. Jonathan Djanogly (Huntingdon) (Con): We welcome with some relief the announcement by the Legal Services Commission of its intention to postpone its earlier decision. The Minister did not mention that the Government supported the Legal Services Commission in the ending of funding for specialist support services. However, with reference to the proposed review, is the Minister aware that the vast majority of affected lawyers do not want the cuts and believe that they will not save money but will create an even larger shortfall in provision, affecting primarily the poorer and most vulnerable in our society?

Ms Harman: I make two points in response to the hon. Gentleman. First, the Legal Services Commission makes its own decisions about how it disburses money for the not-for-profit sector. It was a matter for the commission, which has revoked its earlier decision. We welcome that. Secondly, on support for the not-for-profit sector, before 1997, £11 million per year was spent in support for legal services in that sector. Now that figure is £78 million, so the hon. Gentleman is not right to try and give the impression that funding for that sector's provision of legal services has been cut. Quite the reverse is true.

Departmental Pay

19. **Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): If she will make a statement on levels of pay in her Department. [61523]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): The pay offered by the Department for Constitutional Affairs is generally competitive and enables us to employ staff with the skills that we need to provide good quality public services, while making the best use we can of the resources available.

Mr. Llwyd: I hear what the Minister says, but she will know that levels of pay for the third and fourth pay scales in her Department lag behind 6 per cent. and 14 per cent. respectively, compared with average pay in the civil service. What discussions has she had with the Treasury about harmonising pay with other Departments?

Bridget Prentice: We would all agree that pay discrepancies are undesirable. We inherited a variety of pay levels as a result of the creation of Her Majesty's Courts Service. We are holding a review of pay and structures throughout the Department, which I hope will address the issue.

Fine Defaulters

21. **Mr. Pat McFadden** (Wolverhampton, South-East) (Lab): What further steps she plans to take to assist the courts in dealing with people who do not pay fines and who jump bail. [61525]

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): Implementation of the new enforcement framework under the Courts Act 2003 was completed yesterday. It includes measures to elicit prompt payment and severe sanctions for defaulters. From April 2007 the national enforcement service will build on current initiatives to strengthen enforcement of all court orders across the criminal justice system.

Mr. McFadden: I am sure the Minister will agree that her constituents and mine want a society with rules, and expect those rules to be enforced. How is it envisaged that the announcement about cracking down on those who evade paying fines will be implemented? Will she consider asking the courts to request more community service penalties where people do not have the financial ability to pay fines?

Ms Harman: It is important that there is a wider range of penalties for those who default. I agree with my hon. Friend that it is important that if a court makes an order, it is enforced. If people come to court as a victim or a witness and give evidence, and see a fine or a compensation order imposed which is never paid, that adds insult to injury. We must make sure that non-custodial orders are properly enforced. Then people will feel that justice is being done, without every offender having to be sent to prison.

Coal Health Claims (Solicitors' Fees)

22. **Paddy Tipping** (Sherwood) (Lab): When she last met the Law Society to discuss fees for solicitors involved in coal health claims; and if she will make a statement. [61526]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): The Government share my hon. Friend's concerns about solicitors double-charging successful claimants. I had a useful meeting with the chairs of the Law Society's regulation board and consumer complaints board on Thursday 23 March—last Thursday—to discuss the matter. The Law Society assured me that it views the matter very seriously and is doing all it can to take disciplinary action and to process claims for redress. I assure my hon. Friend that I will continue to monitor progress on the issue with the Law Society.

Paddy Tipping: Claimants, backed by their MPs, are working with the Law Society to take up individual cases of redress. Rather than pursuing cases individually, will the Minister pursue the Law Society to take a more comprehensive approach so that we can learn lessons, so that firms can be audited and so that all claimants, rather than just individuals, can be compensated?

Bridget Prentice: My hon. Friend has made a good point. The Law Society has assured me that it, too, takes the matter very seriously. It is planning an advertising campaign using local media to alert those consumers who are entitled to the repayment of fees by their solicitors. I have discussed the issue of taking a more generic approach with the Law Society, which is examining the matter. I can also tell my hon. Friend that the Law Society has already referred 45 solicitors to the tribunal, although no cases have yet been heard.

Community Legal Service (Specialist Support)

23. **Kerry McCarthy** (Bristol, East) (Lab): What role her Department played in the process which led to the decision by the Legal Services Commission to end the provision of specialist support services under the community legal service. [61527]

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): The Legal Services Commission is the public body charged with the planning and delivery of legal aid, and it is for it to enter into or terminate community legal service contracts and to decide how the money is spent.

Kerry McCarthy: In my constituency, there is woeful under-provision of expert legal advice, particularly for asylum seekers and people who are going through the immigration service, which means that many people are actually pursuing hopeless claims or have been left without any legal advice. I am concerned that the acting chief executive of the LSC seems to think that that need can be met by the Community Legal Service Direct, and I wonder whether the Minister agrees with his take on the matter.

Ms Harman: CLS Direct, which allows people to phone up and get early legal advice, is an important service that is doing an important job, and it is going to expand. However, I agree with my hon. Friend that there is a problem, which particularly applies to poorer people in socially excluded areas, with getting access to family and civil legal aid. The truth of the matter is that we have greatly increased the legal aid budget since we entered government in 1997. Despite the fact that there have been fewer criminal cases in the courts, most of the increase—in fact, nearly all of it—has gone on criminal legal aid, and civil and family legal aid has experienced a cut of £200 million, or about 24 per cent. I hope that all hon. Members will join me in trying to make sure that we get a fairer balance within the increased legal aid budget between family and civil legal aid on the one hand and criminal legal aid on the other.

Peerages (Nominations)

24. **Mr. Jim McGovern** (Dundee, West) (Lab): Whether the Government plan to change the way nominations to the House of Lords are made. [61528]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): As my right hon. Friend the Prime Minister announced last week, our plans include bringing forward the last stage of House of Lords reform over the coming months, which will include membership and the systems of appointment. As promised in our manifesto, we will allow a free vote on the composition of the House of Lords. The Prime Minister has also made it clear that any reforms will be consistent with the primacy of this House.

Mr. McGovern: Given the recent publicity about loans to political parties, which in my view was not so much about the fact that loans were made or who made them, but the implication that those loans were being used to buy privilege, surely the solution is to allow voters to decide who sits in the other place—it would take a very rich person to make a loan to every voter.

Bridget Prentice: As I have said, there will be a free vote on the issue when it comes before the House. On loans, we intend to amend the Electoral Administration Bill to make it compulsory for political parties to disclose any loans that they receive, which will obviously affect all political parties. I am sure that we will work together constructively to find a solution that allows for transparency and fairness.

Mark Pritchard (The Wrekin) (Con): What role does the Minister envisage the Prime Minister retaining in nominating people to the House of Lords?

Bridget Prentice: My apologies for my slow response, but I did not catch the hon. Gentleman's question at first. The Prime Minister has already said that he is relinquishing his role in the honours system. We will examine House of Lords reform in the round, and there will be a debate on both the composition and processes of the House of Lords. My hon. Friend the Member for Dundee, West (Mr. McGovern) has a view on whether the House of Lords should be entirely elected, and the matter will come to this House as a free vote. The Government have set up the Appointments Commission, and we want to ensure that representation in the House of Lords fairly reflects the wishes of this House.

Mr. Gordon Prentice (Pendle) (Lab): Should we not all congratulate the Prime Minister on changing his views on the House of Lords? He was resolutely against election and in favour of appointment, but events have so conspired that he has very publicly changed his mind.

Bridget Prentice: I am delighted that my hon. Friend has been able to ask a question on this issue which I know has worried him for many a long day. The Prime Minister, along with the rest of the House, will be able to participate in the free vote. He will be able to express whatever opinion he wishes then.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Does the Minister agree that any inducement offered to secure an honour or peerage is an act of criminality? Is the Minister prepared to be tough on crime and tough on the causes of crime?

Bridget Prentice: The matter of the Honours (Prevention of Abuses) Act 1925 is for the prosecuting authorities to deal with.

LEADER OF THE HOUSE OF COMMONS

The Leader of the House was asked—

Honours

30. **Hugh Bayley** (City of York) (Lab): If he will bring forward proposals for a Select Committee to be established to make recommendations on the awarding of honours. [61512]

The Deputy Leader of the House of Commons (Nigel Griffiths): The system for making recommendations for honours has only recently been reformed and the Public Administration Committee can, of course, re-examine the working of it whenever it sees fit.

Hugh Bayley: Public confidence in the honours system is draining away and it is not only because of concerns about party funding. Honours go disproportionately to the establishment, the rich and famous, and civil servants, and women still receive far fewer honours than men. Few people have heard of the Appointments Commission, but they have heard of Parliament. Can we have a statutory Committee of both Houses of Parliament to oversee the honours system in a transparent and accountable way?

Nigel Griffiths: While I am a strong supporter of such statutory Committees, they require the full co-operation of all the parties. They cannot work if one party alone comes clean while the main Opposition parties hide their sources of support.

Mr. David Heath (Somerton and Frome) (LD): I do not think that my party is hiding anything, and I hope that the Deputy Leader of the House will consider that comment. It is not only the future system that needs addressing, but the shabby events of recent months and years. In that light, does he agree—and will he use his personal authority to ensure—that the Public Administration Committee and the Constitutional Affairs Select Committee, which are looking into the issue, should have all the access to all the information that they need and all the people they need to see as witnesses, be they civil servants, party apparatchiks, donors, Ministers who knew and Ministers who did not know, consistent with self-incrimination and—

Mr. Deputy Speaker: Order. That is quite long enough.

Nigel Griffiths: What this House wants is full disclosure of the donations by Michael Brown and others to the Liberal Democrats. I am sorry that even today the Liberal Democrats cannot commit themselves to revealing the names of their donors and loaners. It is important that there is full co-operation—*[Interruption.]* There will be full co-operation from this side and we want full co-operation from the hon. Gentleman and his hon. Friends.

Dr. Tony Wright (Cannock Chase) (Lab): My right hon. Friend the Prime Minister has said that he has always regretted it when he has not taken the most radical course of action available. May I remind my hon. Friend that two years ago a Committee of this House recommended a radical and comprehensive reform of the honours system? Does he think that my right hon. Friend now regrets that he did not embrace that more wholeheartedly?

Nigel Griffiths: My hon. Friend is being uncharacteristically uncharitable about the steps that have been taken since that distinguished Committee reported in 2004 and the actions in 2005 that set up eight committees that look across the range of areas. Independent appointments are made to those committees, which make recommendations to the Prime Minister. That system seems to have worked rather well. Of course, if improvements can be made, the House waits to hear them.

Mrs. Theresa May (Maidenhead) (Con): I hope that the Deputy Leader of the House will accept that if confidence is going to be restored in the system, political rants in answer to serious questions in this House will not help that process. During Constitutional Affairs questions, the Minister said that the breaches of the 1925 Act were a matter for the prosecuting authorities. That is indeed the case, which is why Scotland Yard has been called in to investigate whether the Labour party has been selling peerages. Does the Deputy Leader of the House agree that any system that is put in place to restore public confidence needs to be independent of Members of Parliament, and particularly of the Prime Minister?

Nigel Griffiths: The Prime Minister has already made it very clear that he wishes to stand aside from taking such decisions on nominations, which will require legislation in this House and full co-operation. I think that the hon. Member—[HON. MEMBERS: "Right hon."] I am sorry. I think that the right hon. Member should perhaps have declared her close interest in this. I understand that the tax exile, Lord Ashcroft, made a contribution of some £25,000 to her election campaign. She would have done well to tell the House that, and also to tell the House that she will now disclose all the lenders to the Conservative party.

HOUSE OF COMMONS COMMISSION

The hon. Member for North Devon, representing the House of Commons Commission, was asked—

Disabled Parking (Parliamentary Estate)

31. **Mrs. Linda Riordan** (Halifax) (Lab): How many parking places for disabled drivers there are on the House of Commons estate. [61513]

Nick Harvey (representing the House of Commons Commission): There are four marked parking spaces for disabled drivers in Star Chamber Court and two in Norman Shaw car park. The roadway markings in Star Chamber Court will be redrawn over the Whitsun recess, with some minor remarking done over the Easter recess to clarify that the two bays affected by the new bollards remain available for use.

Mrs. Riordan: I thank the hon. Gentleman for those reassurances. However, the disabled parking bays in Star Chamber Court have for many months been eaten into by alterations. As they need to be longer and wider to allow for disabled access, could the hon. Gentleman reassure me that four, not three, disabled parking bays will be put back into full use?

Nick Harvey: I can offer the hon. Lady that assurance. We will make certain that four are available for use, and if those do not appear to meet the necessary demand we can always consider other possibilities as well.

Environmental Performance

32. **Norman Baker** (Lewes) (LD): What further steps the Commission plans to take to improve the environmental performance of the House. [61514]

Nick Harvey: New energy and water policies were adopted by both Houses in late 2005, bringing the parliamentary estate closely into line with efficiency targets set by the Department for Environment, Food and Rural Affairs for Government Departments. Work with the Carbon Trust since April 2004 is also helping to identify a range of measures that can improve our environmental performance.

Norman Baker: The hon. Gentleman will be aware that during the debate on 3 November, serious concern was expressed on both sides of the Chamber about the lamentable environmental performance of this House. Can he confirm that the comments that Members made on that occasion, including those in my report, "How Green is Your Parliament?", will be taken forward and that we will have a full debate later this year when we can consider whether the House has made significant progress on that matter or is still spending almost half a million pounds on useless canopies?

Nick Harvey: My hon. Friend's dedication on this issue is known across the House, and he did indeed produce a helpful report late last year. I have already indicated to him that many of the suggestions that he made are being taken up by the House authorities. Later this year, the Commission will produce a further annual report, and I very much hope that time will be made available for a debate on it in the autumn so that my hon. Friend has the chance to satisfy himself that progress is being made.

David Taylor (North-West Leicestershire) (Lab/Co-op): Further to the question by the hon. Member for Lewes (Norman Baker), the unwanted environmental protection screen cost £422,000. Would not it have been cheaper to supply each of the 646 Members of Parliament with a £20 umbrella from the Commons Shop, costing £12,920 and saving £409,080 that could have been invested in energy-saving measures?

Nick Harvey: The hon. Gentleman is wrong in thinking that the principal reason for the walkway was environmental– many users of the parliamentary estate had slipped there because of the wet surface. It is also the principal access to the House for disabled people, and the need for a walkway had been identified in that regard. The cost of the walkway has been addressed previously during questions in this House.

Cleaning Services

33. **Mr. Richard Bacon** (South Norfolk) (Con): On how many occasions since 10 October the brass fittings in the lift to the Special Gallery West have been polished. [61515]

Nick Harvey: The brass fittings in the lift to the Special Gallery West have not been polished for many years. Following professional conservation advice, the policy has been that, to prevent damage, such metalwork should not be polished but regularly cleaned with a dry chamois leather or duster.

Mr. Bacon: I thought that we would hear something about conservation. Could we please have some consistency? One has only to visit the Ways and Means Corridor or the Library Corridor to see fittings treated differently. Tourists now visit parts of the Palace that look shabby because of lack of cleaning. It is a disgrace.

Nick Harvey: As I explained, we are following advice in adopting our policy. Given the mixture of heritage and modern brass in the Commons, it would be difficult to begin distinguishing between them. It is therefore considered safer to avoid polishing and let a protective patina build up.

LEADER OF THE HOUSE OF COMMONS

The Leader of the House was asked—

Business Committee

34. **Sir Nicholas Winterton** (Macclesfield) (Con): If he will bring forward a motion to establish a House of Commons business committee. [61516]

The Deputy Leader of the House of Commons (Nigel Griffiths): We have no plans to alter the current arrangements for setting House of Commons business.

Sir Nicholas Winterton: I thank the Deputy Leader of the House for that non-reply, which was courteously delivered. Does not he accept—as the Leader of the House will accept, as he attended a Hansard Society seminar this morning—that most other legislatures in the world have a business committee? The devolved institutions—the Assemblies in Wales and Northern Ireland and the Parliament in Scotland—have Business Committees. Does not the hon. Gentleman believe that it would help the House to have a business committee and thus bring the business closer to the people who comprise the House, not only Ministers?

Nigel Griffiths: No. Is that direct enough?

Far East Prisoners of War and Civilian Internees

3.31 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): With permission, Mr Deputy Speaker, I would like to make a statement about the outcome of the review that I announced on 12 December 2005 of the Government's ex gratia payment scheme for former far east prisoners of war and civilian internees.

The review has been thorough. It has been an immense undertaking, requiring a check of nearly 30,000 claim and policy files to determine whether consistent eligibility criteria had been used for civilian internees over the life of the scheme. The review has confirmed that the eligibility rules, based on the 1950s Japanese asset scheme, were the basis for making payments between the introduction of the scheme on 7 November 2000 and March 2001.

The civilian eligibility criteria under the 1950s scheme were based on normal residence in the United Kingdom at the time of internment. We now know that that was not consistent with the birth-link criterion introduced from March 2001. The birth-link criterion was introduced to expand eligibility, not restrict it. Consequently, the number of former civilian internees who qualified increased by 40 per cent. However, some 245 claimants who were paid under the Japanese asset scheme criteria cannot, on the evidence available, be shown to meet the birth-link criterion.

Furthermore, some 13 claimants who would have met the Japanese asset scheme criteria were denied payments because they failed to meet the birth-link criterion. Fewer than 20 claimants were paid in error around the time of the introduction of the birth-link criterion, apparently on the basis that they were recorded as British on contemporary camp lists.

I have considered a wide range of options for how we should proceed in the light of those inconsistencies. I have listened to the views of the Association of British Civilian Internees of the Far East Region. I have met the chair of the all-party group on far east prisoners of war and internees, my hon. Friend the Member for Hendon (Mr. Dismore), and other colleagues.

I have also looked again at the principle that to qualify, claimants should have a close link to the United Kingdom. That principle has underpinned the scheme from the start, and the fact that decisions were originally based on a 1950s scheme whose criteria included normal residence in the United Kingdom before internment is consistent with that. I have considered very carefully whether this is still a reasonable basis for the Government's definition of those to whom the country owed a debt. I have concluded that it is—a view that was supported by the courts.

I understand the argument put forward by many that all those who were British subjects at the time—and interned on that basis—should qualify for a payment. However, anyone born in a British colony was a British subject, and many of those people are now the citizens of a country that was given independence, and have never had a close link to the United Kingdom. I have therefore concluded that the right course of action is for there to be a further widening of the scheme to include those who have made some clear commitment or contribution to the United Kingdom.

On that basis, I have decided to make certain changes to the criteria for civilian internees. First, I am clear that we must include those who were rejected under the birth-link criterion but who would have met the Japanese asset scheme criteria, whether or not they had a Japanese asset scheme record. It would be unfair and improper if, as a matter of policy, claimants who were identical in all significant respects should have succeeded before March 2001 but failed thereafter. These rules will also apply to new claimants.

Secondly, I have decided to introduce a new provision to include those who have resided in the United Kingdom for at least 20 years since world war two, until November 2000, when the scheme was introduced. I have had discussions with the all-party group and with ABCIFER, and I have listened to their views. Indeed, I pay tribute to my hon. Friend the Member for Hendon and his colleagues, and to Ron Bridge of ABCIFER, whose comments and advice have been extremely helpful as we have all sought to resolve the matter before us. I have chosen the figure of 20 years as a reasonable measure of an individual's commitment to the United Kingdom, meaning that they are likely to have spent at least part of their working life here. This is consistent with the original principle that British civilians should have a close link with the United Kingdom in order to qualify.

Eligibility will go to anyone who was alive on 7 November 2000, when the scheme was introduced, or to their spouse or estate if they have since died. It will also extend to members of the armed forces of our former colonies, including the Indian army, who similarly meet this residence requirement and were held as prisoners of war. We have previously had reservations about a residence criterion because of the difficulty of providing supporting evidence. However, the 1950s scheme was residence based, and we expect the numbers now to be much smaller, both of which considerations suggest that the task before us should be manageable.

We also need to resolve details of how the 20-year rule should be applied. We will publish details of the qualifying criteria as soon as they are agreed, and I would ask potential claimants not to apply until then, so that when they do so they can provide the evidence required to process their applications. To that end, I can announce that ABCIFER and the chair of the all-party group on far east prisoners of war have accepted my invitation to join me in a working group to consider how we should take forward these points and resolve them. We assess that the change could admit some 500 new claimants, although the figures cannot be estimated with certainty.

I should also comment on the birth-link criterion. This was found by the High Court to have resulted in unlawful indirect discrimination. The judgment is the subject of appeals from both sides, and I have decided that we should not take any decisions on its future until that appeal is resolved. The review has shown that, in part at least due to the scale and urgency of the desire on all sides to make payments, there have been shortcomings in administration of the scheme. Those are the subject of a separate ongoing investigation due

to be completed in the summer, and I will make a further statement to the House at that time. But our review has shown that the numbers adversely affected—that is, those who met the Japanese asset scheme criteria, but were rejected because they did not have a birth link—represent a very small proportion.

I apologise deeply for the fact that a number of people did not receive the payment that they should have received. We will address those cases as a matter of urgency, in particular contacting those whom we know to have been affected. The Government have made payments in excess of £250 million since the scheme was introduced, and more than 25,000 people have benefited.

I hope that right hon. and hon. Members will recognise that the steps I have announced today address the one outstanding group who could reasonably claim to have a close link to the United Kingdom based on residence since the war. I am confident that the revised eligibility criteria are a fair reflection of our country's debt to those for whom it could be reasonably said that we have a responsibility. On that basis, I ask the House to support the scheme that I am announcing today, and I commend this statement to the House.

Mr. Mark Harper (Forest of Dean) (Con): First, I thank the Minister for advance notice of his statement. I welcome the widening of the scheme announced today and his further apology to the House—the fourth that he has had to make. I also welcome his promise that he will deal as a matter of urgency with those who have not received the payment that they should have done. I am afraid that that is as far as my welcome can extend. Following such a thorough and lengthy review—nearly four months in the making—the House could reasonably have expected a comprehensive statement resolving all the outstanding issues and bringing matters to an honourable conclusion. That is not what we have.

I have some questions on the statement. For the avoidance of all doubt, can the Minister confirm that the first change to the criteria means that the 13 claimants to whom he referred, who would have met the Japanese asset scheme criteria, but were denied payments because they failed to meet the birth-link criterion, will now be paid the £10,000? Can he confirm when they can expect to receive payment? In answer to a written question that I tabled, the Minister confirmed last week that 162 cases were awaiting decision. I would be grateful if he would update the House on when he expects those cases to be decided.

Given that problems have arisen with the scheme—which, I acknowledge, was welcomed on both sides of the House—because, as the Minister acknowledged, the Ministry of Defence did too much in haste and was not clear about the details, I am concerned about the way in which he made the announcement about the 20-year rule. He has admitted that the details of how the rule should be applied have not yet been resolved and that the number of new claimants cannot be estimated with certainty. There is a danger that he will have raised expectations again, only to see them dashed when the details are resolved. Given the history of this scheme, does he agree that it would have been better to conclude the work on the details prior to today's statement? I welcome the inclusion of ABCIFER and the chairman of the all-party group in the working group to resolve those details, and I would be grateful if the Minister could confirm when he expects those details to be finalised and when he will be able to publish them.

The Minister touched briefly on the birth-link criterion. Recognising that legal action is ongoing, if the result of the appeal goes against the Government, will he commit to coming to the House at the earliest opportunity thereafter to make an oral statement setting out the implications for the scheme?

The Minister also mentioned the investigation being conducted by David Watkins, and confirmed that he expects the final report to be available to him by the end of June. In answer to a written question, he confirmed to me that he will make a statement to the House as soon as possible after that. Will he also confirm that he expects that to be an oral statement, enabling Members of the House to raise the questions that they will no doubt have?

Finally, can the Minister say when he expects to be able to report to the House that the whole matter has been resolved, that all outstanding issues have been cleared up, and that he will not have to return to the House to make further statements?

Mr. Touhig: I welcome the hon. Gentleman's welcome of my announcement—and I have no problem in coming here four, five or 400 times to apologise. If we have got something wrong, we should own up and apologise. That has been my policy, and it is the policy of this Government.

The hon. Gentleman raised several points, to which I shall seek to respond. Yes, we have identified 13 claimants who have not been paid. I want that matter resolved as quickly as possible, and if there is any doubt, it should be resolved in favour of the claimants. Yes, a number of claims are yet to be decided—he mentioned the answer that I gave him about the 162 cases. I want to be certain that we get the criteria absolutely right before I reintroduce payments under the scheme, and I hope that the House will bear with me on that.

Yes, the scheme was introduced in haste. Everyone, on all sides, felt that it was time for us to show our appreciation and sense of value, given the horrible suffering undergone by some of the people concerned. It was felt that that should be recognised properly. We tried to do it rather quickly and—as my statement made clear, and as will doubtless be made clear in the report that I will present to the House later this year—we did not get it right, perhaps because of the speed with which we were acting.

I cannot give a view on the details of the 20-year rule at this stage. The delay does not mean that I do not have views, or that work has not been done. I have been hugely impressed by the advice and information given to me by ABCIFER and by my hon. Friend the Member for Hendon. For that reason, I want to involve them in the working group so that we can get the criterion right. I do not want to come back and say, or hear my successor say, "Sorry, we got it wrong again." I want to take account of the important contribution made by ABCIFER and by my hon. Friend, and to do a bit of work on that criterion. I hope that the first meeting of our working group will take place immediately after the recess, and that a week or so later we will announce the details of the criterion that will apply to the 20-year rule.

[Mr. Touhig]

The hon. Gentleman mentioned the birth link. If, at the end of the day, the appeal is lost and the birth-link criterion is declared unlawful, we shall not be able to proceed with it. My original ambition was for an arrangement allowing people to qualify under the Japanese asset scheme, plus the birth link, plus any other grounds for qualification; but if the birth link proves to be unlawful, that will not be possible.

I am always pleased to come back to the House and make an oral statement, and I shall press for such a statement—but of course that is not entirely in my gift.

Bob Russell (Colchester) (LD): I thank the Minister for giving notice of his statement. I welcomed the scheme originally introduced by the Government, which put right wrongs that have lasted half a century or so, and I welcome the good news that 500 people will now share in the result of the Minister's statement. Will he confirm, however, that there are still some 4,000 other people who were interned by the imperial Japanese army on the basis that it believed them to be British and they believed themselves to be British? If that is so, and if contemporary camp lists exist—presumably the imperial Japanese army inquired about people's nationalities and beliefs—does that not constitute sufficient grounds?

Is it not the case that the Ministry of Defence started out with an excellent scheme, but has somehow managed to cause confusion and despair? While it is indeed welcome that 25,000 people have benefited and an additional 500 will benefit, surely something should be done for the nearly 4,000 who believed they were British and whom the imperial Japanese army believed to be British—indeed, it was the very reason why they were interned.

Mr. Touhig: I accept that there are others, although I cannot be precise about the numbers that the hon. Gentleman gave. I will make inquiries and give him the figures that are available to us.

There is clearly an issue. As I have said, people feel that because they were interned as British by the Japanese, they should be paid under the scheme regardless of whether they have any link with this country in the sense of ever having lived here. We do not share that view; we take the view that there should be a close link with the United Kingdom. That is why we originally introduced the birth link and why I now propose to introduce a criterion of residence.

The hon. Gentleman spoke of the problems that we have experienced with the scheme. But as an old friend of mine, Dick Murray—a Dubliner and a lovely fellow who, sadly, has now died—would say, "If I were going in that direction, I wouldn't start from here." Clearly there are lessons to be learned.

I have had some wonderful letters from people around the world saying how much they appreciate what we have done. I had one today from a 96-year-old lady who does not qualify, but who received an apology from me and £500 in recognition of the maladministration that the ombudsman said was the fault of the MOD—a judgment to which we responded. The lady says in her letter:

> "It is a testament to the integrity of the British people that they have assisted and respected their aged subjects who were the prisoners of war of another nation."

She also invites me to visit her in British Columbia, and gives me her telephone number.

I think that what we have done thus far is well appreciated, but I take the hon. Gentleman's point and I will get back to him about the numbers.

Mr. Andrew Dismore (Hendon) (Lab): I welcome my hon. Friend's statement today and thank him for the very constructive way in which he has engaged with the all-party group and ABCIFER in trying to find a satisfactory solution to this long-running difficult problem. His approach is very welcome compared with the stonewalling that we had from the Ministry of Defence for far too long on this issue. He has come up with a workable solution that will, as far as I can see, deal with all the outstanding claims that we can identify relating to people who live in the UK. ABCIFER and I look forward to working with him to ensure that the outstanding debt of honour to all those who were imprisoned by the Japanese is honoured as quickly as possible, straight after the East recess.

Mr. Touhig: I thank my hon. Friend for his comments. We have a very constructive and useful working relationship and, as I said in response to the hon. Member for Forest of Dean (Mr. Harper), my hon. Friend and ABCIFER have an important contribution to make in helping me to get the criteria right, and I look forward to ensuring that we do so.

Mr. Henry Bellingham (North-West Norfolk) (Con): Is the Minister aware that more than 2,500 Royal Norfolks were captured by the Japanese when the Singapore garrison surrendered? All those prisoners of war suffered appalling brutality, and many died on the River Kwai rail project. There are very few survivors left, but many impoverished widows. Of course I welcome today's statement, but does the Minister agree that it is a disgrace that the Japanese Government have not given more money to the survivors—more than about £100 or so per prisoner—and that surely the second richest country in the world should be doing more to help those survivors and the impoverished widows who are still left?

Mr. Touhig: The Government, and previous Governments, have made quite clear this country's views about the Japanese Government's attitude in the past to apologies and compensation. I cannot add much more to what the hon. Gentleman says; I am sure that it is a view shared by hon. Members on both sides of the House. However, the Japanese Prime Minister has made an apology. People may well feel that that should be expressed more tangibly, but although I accept the points that the hon. Gentleman makes, my first responsibility is to do something about the people for whom we are responsible. It is our duty to do that, and I am seeking to do it.

Ben Chapman (Wirral, South) (Lab): Although my hon. Friend's statement is very welcome, this issue has always been not just about consistency, but about equity—not just about money, but about honour—and it is important that when the scheme finally comes to fruition, it covers as many people as possible, including my constituent, Mr. Peter Hall. Will my hon. Friend ensure that when the details of the criteria are worked out and the guidelines are issued, they are interpreted as generously as possible?

Mr. Touhig: Yes, I will certainly do that, working within the framework that I have announced today. A number of colleagues will know that I have been very much involved with the miners' compensation scheme—I have 500 cases in my constituency—and I share the point made by my hon. Friend: what is important for most people is not money, but recognition for the suffering, pain and horrors that they endured. We as a country must recognise that debt of honour; this is a tangible way to do so. There is no way that we can ever put right the wrongs and horrors that those people suffered.

Charles Hendry (Wealden) (Con): I thank the Minister for the statement, and specifically for the tribute that he has paid to my constituent, Ron Bridge, of ABCIFER. I hope that the hon. Gentleman will agree that this a very good example of lobbying—quiet, constructive, fact-based and very persistent. Will he say a little about whether the scheme will be retrospective? A lot of the people eligible will be elderly, but some people whose eligibility for the extension will now be established may already have died. Will the scheme cover eligible people who have died and will the money be paid to their families?

Mr. Touhig: I thank the hon. Gentleman for what he said about Ron Bridge, who, as I say, has been extremely helpful, informative and constructive in the discussions that I have had with him. Yes, as I have made clear, the scheme will apply to those who were alive on 7 November, when the scheme was originally introduced. If people have died, their widows and estates will benefit as a consequence of the proposal introduced this afternoon.

Mr. Lindsay Hoyle (Chorley) (Lab): Of course I welcome the announcement today, and as my hon. Friend says, it is right to take a little time to ensure that we get things right this time. My constituent Jim Hodson was a beneficiary of some of the £250 million that the Government made available, and we cannot thank the Government enough on behalf of those POWs of the Japanese. However, as has been mentioned already in the Chamber, there is a clear message to the Japanese Government: they ought to be shamefaced, and they ought to find the money to compensate the people who are still left. We should not let the Japanese Government off the hook. We ought to send them that clear message, and I hope that the Government will raise it on every possible occasion, and say that those people were used as slave labour by the imperial Japanese army, so the people of Japan ought to compensate them properly before it is too late.

Mr. Touhig: I thank my hon. Friend for his welcome for the scheme. I have dealt with his second point, which has already been made by Opposition Members, and I have no doubt that Members' comments will be taken into account by the Japanese and their Government. Whether they respond is a matter for them, but there is no doubt that there are strong feelings on this issue in all parts of the House, and this is the place where they should be expressed.

Mr. David Burrowes (Enfield, Southgate) (Con): I welcome the Minister's statement, and I commend the work of ABCIFER and the cross-party pressure applied by a number of Members, particularly as it affects Diana Elias, a constituent of mine. Nevertheless, is not the delay that has led to this situation a travesty? To get to this point, the Government have had to be dragged through the courts and have had to deal with both the parliamentary ombudsman's complaints and the Public Administration Committee. Will the Minister confirm that he will fully adopt the ombudsman's recommendations? Will he recognise the fact that for constituents such as Diana Elias, the fight not to be treated as a second-class citizen—as someone who is "not quite British enough"—has taken not five years but 60 years to win? In that time, Mrs. Elias's sister and cousin have died, and her brother-in-law has recently been diagnosed with cancer and has only a few months to live. Will the Minister acknowledge that although one could say, "Better late than never", for many it is indeed too late and they have died as second-class citizens?

Mr. Touhig: I do acknowledge the pain and suffering that Mrs. Elias, her family and others have gone through throughout this process. As I said at the beginning of my statement, there were problems with the criteria that we introduced, which were not consistent. Until I appeared before the Public Administration Committee, of which the hon. Gentleman is a member, we believed that they were consistent, and it is the inconsistency that led to some of the difficulties. I fully understand the views that he expresses, and I can only say that I sincerely apologise to Mrs. Elias and others for the grief and worry that has been caused by the manner of the scheme's operation. I am seeking to put that right today to the best of my ability, with, I hope, the support of the whole House. My understanding, based on evidence given in court and on matters considered by the parliamentary ombudsman, is that Mrs. Elias qualifies for the scheme. I hope that that will be the case.

Dr. Tony Wright (Cannock Chase) (Lab): I thank my hon. Friend warmly for his statement, which shows that he has been determined to get to grips with this mess; I hope that his close-link criterion will indeed sort it out. I also thank the parliamentary ombudsman for an excellent investigation that drew attention to the maladministration and injustice in the scheme, and Professor Jack Haywood, whose case went to the ombudsman for investigation. His complaint, reflecting those of others, was not that he wanted the money, which he did not. Rather, he was incensed by being told, in effect, that he was not British enough, despite a lifetime of distinguished service to this country. Has the Minister not said today that Professor Haywood and the ombudsman are right? If so, that is the right outcome.

Mr. Touhig: I thank my hon. Friend for making those points, and I pay tribute to people such as Jack Haywood, who have fought consistently on this issue. There has never been any doubt in my mind, or any other Member's mind, that he is totally British, and I very much regret the inference that he and others have drawn that they are not sufficiently British to qualify. My understanding is that under today's proposals, Professor Haywood will qualify. I might disagree with some of the points made by the ombudsman, but it would be churlish and wrong of me not to pay tribute to the work done by the ombudsman on Parliament's behalf, and to the work of the Public Administration Committee, chaired by my hon. Friend the Member for Cannock Chase (Dr. Wright). I believe passionately that the Government are answerable to this place for their actions, which is why I am here. It is right and proper that Committees such as my hon. Friend's ensure that the Executive are held to account. The work done by the ombudsman points out where we get things wrong—and with the best will in the world, Governments do not get everything right. I am admitting where we got it wrong and seeking to redress that.

Andrew Mackinlay (Thurrock) (Lab): Last time, I asked the Minister to deal with the question of civilian and service volunteers who now live in the Irish Republic—or the Irish Free State, as it used to be. Will my hon. Friend clarify the position of those people, and how the announcement will affect them? Several hon. Members have, over the past 20 or 30 years, raised the question of parallel circumstances in Germany. I. G. Farben, for example, held and used people not under the Geneva conventions, but as slave labour. I urge the Minister to stick his chest out and remember that eight Conservative Prime Ministers, under 31 years of Conservative government, did nothing to address this issue. He should be proud to have been able to implement the change, notwithstanding the hiccups and shortcomings.

David T.C. Davies (Monmouth) (Con): Quite a few years of Labour government, too.

Mr. Touhig: Let us hope and pray that there will be many more years of Labour government, Mr. Deputy Speaker, and I am sure that the country feels that way. I thank my hon. Friend the Member for Thurrock (Andrew Mackinlay) for his kind comments, but I cannot specifically answer his query about citizens of the former Irish Free State, now the Irish Republic. I realise that I owe my hon. Friend an answer, so I shall look further into the matter and answer him then. My hon. Friend also asked a question about other prisoners of war—

Andrew Mackinlay: No, slave labour.

Mr. Touhig: Slave labour, or those interned as a result of conflict. We take the view, as does the House, that those who had to endure Japanese prisoner of war camps had an exceptionally horrible existence. That is exemplified by the fact that 25 per cent. of prisoners of war in the far east died in captivity, as opposed to about 5 per cent. in Europe. That shows why we feel that it is important to do something to recognise the suffering that so many of our fellow citizens had to endure. I hope that the House will welcome what I am doing, and I look forward to working with ABCIFER and the all-party group and updating the House with further statements at the appropriate time.

Point of Order

4.2 pm

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): On a point of order, Mr. Deputy Speaker. Will you provide some guidance on parliamentary inquiries into what is commonly called the loans or cash for peerages scandal, particularly when Scotland Yard detectives have asked for such inquiries to be delayed, lest they adversely affect police investigations or even a possible criminal trial?

Mr. Deputy Speaker (Sir Alan Haselhurst): I am grateful to the hon. Gentleman for giving me notice that he intended to raise that matter. As I understand it, no charges have yet been brought, so the normal sub judice rule would not apply. It is therefore for Committees of the House to take their own decisions about the conduct of their business. I understand that the Select Committee on Public Administration has decided to delay its inquiry, which is entirely a matter for a Committee of the House in these circumstances. I hope that that helps the hon. Gentleman.

John Hemming (Birmingham, Yardley) (LD) *rose—*

Mr. Deputy Speaker: Does the hon. Gentleman wish to raise a point of order?

John Hemming: Yes.

Mr. Deputy Speaker: In that case, he should say so. It is not enough to stand in his place, as I am unsure why he is rising. Is this a separate point of order or further to the previous point of order?

John Hemming: Thank you, Mr. Deputy Speaker. I thought I had given you notice of my intention to raise a point of order in respect of an answer given yesterday by the Minister for Local Government. That Minister said that he did not accept the premise that the Government have a policy on what the council tax should be or on whether the council tax should be allowed to increase beyond the rate of inflation. I wish to clarify for the House the fact that the Government have had a policy on the council tax, which is called CTSS, council tax for standard spending, and ANCT, assumed national council tax. It is also important to note, for clarification, that the council tax has gone up beyond the rate of inflation.

Mr. Deputy Speaker: I have to tell the hon. Gentleman that I received no notice that he intended to raise that point of order. I am afraid that his point does not fulfil the criteria for a proper point of order, but he has had his opportunity to put his remarks before the House.

Aid Effectiveness (Independent Evaluation)

4.4 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I beg to move,

That leave be given to bring in a Bill to require the Secretary of State, when reporting on departmental expenditure, to publish an independent evaluation and measurement of the effectiveness of United Kingdom bilateral aid projects in reducing poverty and a comparison of the effectiveness of different projects and forms of aid in reducing poverty; to require the Secretary of State to redirect resources towards the most effective projects and forms of aid; and for connected purposes.

Throughout the past year I have been struck time and again by the commitment of people from all walks of life to the campaign to make poverty history. It captured public imagination and galvanised support across social boundaries and partisan divisions in a way that few other grassroots campaigns have managed to achieve in recent years. Many people still wear their "Make Poverty History" wristbands, not just from forgetfulness or as a fashion item, but from a lasting desire to see the overarching goal of the campaign realised—that the grinding poverty and misery that so many people on the planet face daily should be consigned to the dustbin of history.

Aid is only one part of a complex set of issues that can make a difference to the developing world, but more aid, delivered more effectively, has a key role to play in ending global poverty. However, as 2005 grew to a close I sensed some disillusion in the "Make Poverty History" campaign, as domestic concerns about terrorism and security diverted attention from it, and the disappointing outcome of the Hong Kong trade summit seemed to lead to a dissipation of the excitement and energy of some of the activists.

The best way to restore enthusiasm to all the people who campaigned, marched and wrote letters to us all is for the Government to demonstrate real follow-through on the rhetoric and to show tangible progress on meeting the eight millennium development goals that form the bedrock of our international development strategy. To that end, much better linkage must be shown between high-level development rhetoric, the nature of our international aid and interventions and the outcomes achieved on the ground in terms of poverty reduction, lives saved, children educated and all the other relevant indicators that the public understand and seek.

My Bill aims to strengthen that linkage. I pay tribute to the work of the right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke), whose International Development (Reporting and Transparency) Bill has stimulated much discussion about how we can lock Department for International Development Ministers into a clear framework of accountability. His Bill represents an extremely useful and substantial step forward, especially as it places Parliament at the centre of the accountability process. I congratulate the right hon. Gentleman on both the Bill and the skilful way in which he is piloting it through this place. I am extremely impressed by the degree of cross-party consensus it has achieved.

My Bill would provide a useful complement to that of the right hon. Gentleman. At its heart is a requirement that the Secretary of State regularly publish an

[Mr. Stephen Crabb]

independent evaluation of UK aid projects. In recent years, calls have been made repeatedly for greater evaluation, and more independent evaluation, of DFID activities. The sixth report of the International Development Committee in the last Parliament urged DFID to ensure the independence of evaluation by, first, increasing the proportion of evaluations conducted by external evaluators and, secondly, ensuring that the results of all its evaluations were made publicly available. Above all, it said that careful thought must be given to the ways in which the monitoring of DFID's progress against the millennium development goals can be more closely integrated with the monitoring of the Department's individual programmes and projects.

A year after the Select Committee report, the Department published an internal document entitled "How Effective Is DFID?", which observed:

"Compared with some other agencies, DFID spends a much lower proportion of its budget on independent evaluation, and evaluates a much lower proportion of its activities."

My Bill would help to close the gap in independent evaluation and meet some of the criticisms that have been raised.

Let us be clear: we are not talking about the mere reporting of data and the repackaging of departmental data. That would not be good enough; it would be no substitute for a systematic and independent assessment of effectiveness. As the DFID effectiveness report demonstrated, a large volume of performance information may already be available, but there is

"generally insufficient information on the links between DFID's inputs and interventions on the one hand, and the positive outcomes observed on the other".

Higher priority must be given to performance assessment and evaluation so that DFID can better understand its own organisational effectiveness and its contribution to successful international development.

The Bill would certainly make sure that such evaluation received higher priority by making it a statutory requirement. Again, I emphasise the importance of independent evaluation. To quote again from the DFID effectiveness document: the Department

"needs to be more confident about independent verification and assessment by its partners and others, and to increase the resources allocated to evaluation".

My Bill also requires the Secretary of State to publish a comparison of the different types of aid project and the different forms of aid that we support. DFID spends about £4 billion each year on a variety of programmes that are delivered through different mechanisms. Some of that spending takes the form of bilateral aid; some is multilateral. We need to achieve a far better understanding of the relative effectiveness of the main types of aid that we provide. The independent evaluation envisaged in the Bill should, I hope, provide the evidential basis, which will in turn lead to better decision making about which aid programmes should be targeted to ensure the greatest possible reduction in poverty.

Anyone who has spent any time at all reading through the literature about aid effectiveness will be aware that the territory is hotly contested. There is a great deal of conflicting evidence about what constitutes good aid and what constitutes bad aid. Measuring the effectiveness of aid is difficult and it is easy to talk about it in general terms, but it is essential that every effort is made to improve this discipline. I have been extremely impressed by the DFID officials whom I have met and by the Secretary of State, who brings unquestionable commitment to his job. I am confident that they would wish this agenda to be developed in their Department.

The rigorous, independent evaluation of our aid spending promoted by the Bill should not just ensure best value for taxpayers' money—by securing the best possible poverty reduction outcomes—but strengthen and sustain public support for our aid. Over the past year, a huge number of people have invested their time, resources and energy in campaigning for an end to the obscene levels of poverty in the developing world. They are not just looking for warm rhetoric from this place or even for grand announcements that focus on the funding for our aid programmes and other inputs. Instead, they want to see and understand the outputs—the real, tangible difference being made by our international aid—and to see how much further there is to go before poverty really is made history.

Question put and agreed to.

Bill ordered to be brought in by Mr. Stephen Crabb, John Bercow, Tim Farron, Mrs. Sharon Hodgson, Mr. Gary Streeter and Daniel Kawczynski.

AID EFFECTIVENESS (INDEPENDENT EVALUATION)

Mr. Stephen Crabb accordingly presented a Bill to require the Secretary of State, when reporting on departmental expenditure, to publish an independent evaluation and measurement of the effectiveness of United Kingdom bilateral aid projects in reducing poverty and a comparison of the effectiveness of different projects and forms of aid in reducing poverty; to require the Secretary of State to redirect resources towards the most effective projects and forms of aid; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 16 June, and to be printed [Bill 157].

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [22 March.]

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—*[Mr. Gordon Brown.]*

Question again proposed.

Budget Resolutions and Economic Situation

4.13 pm

The Secretary of State for Trade and Industry (Alan Johnson): This year's Budget equips British business to meet the challenges of globalisation—*[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. May I ask anyone who has a cell phone still switched on please to switch it off? It is causing disturbance.

Alan Johnson: The Budget enhances Britain's strong economy, entrenches stability and widens opportunity. Today, there are 105,000 more self-employed people, 575,000 more businesses and 2.4 million more people in work than there were in 1997. Crucial sectors such as the pharmaceutical, aerospace and financial services sectors are thriving. Our scientists are leading the way in areas such as stem cell research and nanotechnology. Last year, our economy grew faster than those of France, Germany and the eurozone as a whole. The Budget builds on that success while meeting the growing challenges of globalisation, including, in particular, the phenomenal growth of China and India.

Raising productivity is central to meeting the challenge. We are now in the longest period of sustained productivity growth since the 1960s. We have closed the productivity gap with Germany, overtaken Japan and halved the gap with France. Britain is the only G7 country to have kept up with US rates of productivity growth, in stark contrast with France and Germany.

Our success is all the more remarkable for having been achieved at the same time as an increase of 2.3 million in jobs. Achieving productivity growth and high employment at once is not an easy trick because one often rises at the expense of the other, but it is the formula for national wealth. We know that we still have further to go to raise Britain's productivity. The Budget enhances the drivers of productivity—innovation, investment, skills, competition, enterprise and investment.

Since 1997, we have invested unprecedented sums in Britain's science base. Funding levels are now double what they were. We also introduced the research and development tax credit and put in place a target to increase the share of national income that we spend on R and D from 1.8 per cent. to 2.5 per cent. by 2014. Today, there are 750,000 more science, engineering and technology graduates than there were in 1997, and the share of firms bringing new products to market is up by 50 per cent. Our world-beating proportion of scientific papers and citations has increased. In addition, the number of university spin-outs has trebled, and they now run at an average of 200 a year. In the past two years, 18 spin-out companies—with a combined value of more than £600 million today—gained listing on the London stock exchange.

The Budget builds on that record and advances the goals of the 10-year science and innovation framework to ensure that we maximise the impact of science funding. Raising levels of business R and D is key to raising productivity. Since 1997, business R and D investment has increased by 20 per cent. in real terms, and the R and D tax credit is driving the new investment that we need. So far, £1.5 billion of support has been claimed, and Deloitte has assessed the UK's R and D tax credit as being among the world's most attractive regimes.

The Budget sets out our intention to extend the higher rate of the R and D tax credit to companies with between 250 and 500 employees. Business lobbied for such a measure and Sir George Cox recommended it in his review of creativity in business. We will also widen the remit of the technology strategy board to stimulate innovation in the areas that offer the greatest scope for productivity improvements. I am delighted to announce today the latest £80 million competition for the collaboration R and D fund under the technology programme. It will help to fund new collaborative research in vital areas underpinning our technology strategy, such as low-carbon energy technologies and innovative manufacturing processes.

To improve productivity, the links between science and innovation are crucial. We have set out plans for a radically simplified allocation of the £1.5 billion a year that we invest in scientific discovery to make the best use of that investment.

Mr. Henry Bellingham (North-West Norfolk) (Con): Am I right in saying that business investment has fallen to its lowest level for the past 10 years? Does it worry the right hon. Gentleman, as a former higher education Minister, that various university science and chemistry departments have closed recently?

Alan Johnson: Business investment has grown on average by 5 per cent. a year since 1997, compared with a growth of 3.4 per cent. in the previous 10 years. It was worth £77 billion in 1996, but is now worth £113 billion, and it will rise to £126 billion by 2008. Yes, I am concerned about the closure of chemistry departments—I think that that happened at Sussex—but the hon. Gentleman and

[Alan Johnson]

I know that universities are independent. If he looks around the university world, he will see good stories from other universities throughout the country.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I apologise for arriving just after the right hon. Gentleman started his speech. On research and development and, especially, pulling what I call the basic research out of universities and into wealth creation, why did the Chancellor not examine in his Budget statement putting solid third-stream funding into the research councils and making that available to industry? Without that, surely we will start robbing Peter to pay Paul by taking out basic research money and applying it to knowledge-transfer and third-stream funding systems.

Alan Johnson: I am coming on to announcements in the Budget on R and D, particularly in the health service, but in terms of our total science base, doubling the amount of money available for science, operating through both the Higher Education Funding Council and the research councils, is the right way forward. We are always willing to consider more investment. It is crucial to get science and innovation into the same place.

The Budget also announced the creation of a single budget—this is pertinent to the hon. Gentleman's comments—for the Medical Research Council and NHS health research, worth at least £1 billion a year. That will ensure a more coherent framework for health research and development. We will now look at the best institutional arrangements to achieve that. We have also decided that the Harwell site, which includes the Rutherford Appleton laboratory, and the Daresbury site should become the Harwell and Daresbury science and innovation campuses respectively. We will develop those campuses to ensure that their facilities are internationally competitive, support world-class science and maximise opportunities for knowledge transfer.

As well as a strong science base, we need to invest in the scientists of tomorrow. Since 1997, the number of new science teachers has increased by 30 per cent., but we must do more, and the Budget includes incentives for more physics and chemistry graduates to move into teaching. We are also giving pupils a right to study three separate sciences at GCSE and increasing funding for after-school science clubs.

We need to improve mechanisms to turn our great science base into greater wealth. Over the next two years, we will put £100 million into the enterprise capital funds scheme to help high-risk, high-growth companies bridge the equity gap—the funding problem that they experience when they are too big to finance from their own resources, but too small to be of interest to venture capitalists. We will also launch a scholarship scheme to help UK science, engineering and technology graduates develop entrepreneurial skills by spending six months in the US with leading universities and enterprises. The scheme will be administered by the National Council for Graduate Entrepreneurship and the Ewing Marion Kauffman Foundation in the United States.

Tackling regulation is vital to the success of enterprise—another key driver of productivity. At the Department of Trade and Industry, we have demonstrated that we are serious, with our £1 billion regulatory simplification plan, which will produce a significant cut in business burdens. The Budget includes further measures, with a commitment to cut the time business spends filling in tax forms and returns, as well as cutting the administrative burdens of tax audits and inspections. We are also putting the recommendations of the Hampton review into law, as well as ensuring more risk-based targeted enforcement at local authority level. That will release the vast majority of honest and compliant businesses from unnecessary and time-consuming interventions.

A number of schemes are in place to support enterprise. We need to ensure that they are accessible, focused and well targeted. At the DTI, we have already reduced more than 100 business support products to fewer than 10, so they are better tailored to customer needs. The Budget extends that principle and aims to reduce the number of business support schemes from 3,000 to 100 by 2010. More than £2 billion a year is spent on business support. The review will ensure that we get value for money.

It is also vital that we examine the effectiveness and efficiency of our regional structures. The regional development agencies were created as a response to global pressures, where local action is often the right response. Our review will ensure that the RDAs have the links, incentive and powers they need to drive economic growth regionally.

We must also improve the way in which we market our strengths abroad and help British business to meet the challenges of globalisation. The new chief executive of UK Trade and Investment, Andrew Cahn, shares that ambition. Before the summer, we will publish a new five-year strategy for UKTI. It will aim to deliver maximum value for business and the taxpayer. We are intensifying our efforts to expand UK trade into India and China. We are also putting £9 million of new investment into a global R and D strategy to attract more business R and D to the UK, and to promote Britain's innovative firms abroad.

Another major challenge identified in the Budget is gender inequality at work, which, according to the women and work commission, costs Britain £23 billion a year in lost gross domestic product and prevents the economy from reaching its full productive potential. Since 1997, a combination of tax credits, the minimum wage and the new deal has made work pay and boosted employment, particularly among women, so that a record 70 per cent. of women are in work and our overall employment rate of nearly 75 per cent. is among the highest in the world. Our aim is to increase it to 80 per cent.—higher than any major economy has ever achieved—so helping more women back to work will play a vital role. The Work and Families Bill, which is proceeding through the House, will help everyone better to balance their work and family responsibilities.

The Budget boosted child care. Today, there are 1.2 million more child care places than in 1997—an increase of 90 per cent. All parents are entitled to help with child care, either through tax credits or vouchers. The Budget helped employers to support parents with child care, both through the tax system and through capital grants to help small and medium-sized employers to establish workplace nurseries. Further help is available for low-skilled women who find it

difficult to access the job market and move up the skills ladder. Those and other measures will help to address the issues highlighted by the women and work commission, and they follow last week's announcement of an increase in the national minimum wage to £5.35, which will benefit 1.3 million workers, two thirds of whom are women.

A growing economy depends on safe and sustainable energy supplies, but climate change endangers the very future of our planet. Today, I have published our microgeneration strategy alongside the climate change review. It sets out what more we can do to boost the use of decentralised energy in our homes, schools and businesses, thus taking forward the Budget announcement of an initial extra £50 million for microgeneration technologies, which is additional to the £30 million that has already been announced.

Martin Horwood (Cheltenham) (LD) *rose—*

Mr. Edward Davey (Kingston and Surbiton) (LD) *rose—*

David Howarth (Cambridge) (LD) *rose—*

Alan Johnson: I will give way to the hon. Member for Kingston and Surbiton (Mr. Davey).

Mr. Davey: I thank the Secretary of State for giving way. I am sure that my hon. Friends have much better questions than I have, and that he will give way to them shortly. Given the Secretary of State's welcome statement on microgeneration, what is the cost of Budget resolution 47, which is entitled, "Corporation tax (nuclear decommissioning)"? Is it designed to help the proposed sell-off of British Nuclear Fuels Ltd., and why was a press notice not issued giving the details of the tax change?

Alan Johnson: I do not know whether all three Members wished to ask the same question but, on that resolution, we are the first Government to tackle seriously the problem of nuclear decommissioning. It is an horrendous task, and it is split between various agencies that have such a complicated connection to one another that it almost impossible to explain it on a grid. We must rationalise the issue and ensure that elements in public ownership that do not need to be in public ownership to meet our objectives on decommissioning are put into the private sector. We must ensure, too, that the Nuclear Decommissioning Authority has the right resources to carry out its important task.

Martin Horwood: The Secretary of State applauded the Chancellor's inclusion of microgeneration budgets for Government buildings, but he was curiously silent about the clear skies programme, which supported household microgeneration but has run out of funds. Will he confirm whether it will be abolished or replaced, perhaps by another scheme to encourage household microgeneration?

Alan Johnson: The hon. Gentleman was right about replacement, as we have made it plain that the clear skies scheme will be replaced by another scheme. Our microgeneration strategy will help schools and public buildings by removing problems with planning consent and so on. The money that has been provided will be used to encourage householders to become involved in microgeneration. A colleague who is much more deeply involved in microgeneration in his own home than I am has to pay £8 a therm to buy back the energy that he sells to the national grid. Such issues have to be tackled. The strategy is for microgeneration in schools, public buildings and the home.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): The Secretary of State is outlining the steps that the Government are taking to reduce CO_2 emissions, and I look forward to his remarks. As the Prime Minister said on Australian television today, Great Britain accounts for only 2 per cent. of CO_2 emissions. China is the main polluter and will continue to be so in the future. What steps is the Secretary of State taking to have discussions with his Chinese counterpart to encourage China to take similar steps?

Alan Johnson: The hon. Gentleman makes an extremely important point. We cannot solve the problem domestically. The kind of initiatives that we have taken with the G8, which was extended to include Brazil, China, India and other developing countries, are continuing under the Russian presidency of the G8. The hon. Gentleman asks what steps I have taken. At the EU-China summit last year when the UK had the presidency, one of the important objectives of our trip to China was to begin to share with China some of the clean coal technology, such as carbon capture and carbon storage. It is crucial that we do not use the emerging carbon sequestration technologies only in Europe, and that we share our scientific lead with China and India.

David Howarth: May I bring the Secretary of State back to Budget resolution 47 and ask what precise changes in corporation tax are being proposed for nuclear decommissioning?

Alan Johnson: I have dealt with Budget resolution 47.

The microgeneration strategy will examine how we can tackle the obstacles to take-up. In particular, we will look at the planning regime, the potential rewards available from exporting electricity back into the grid and the possibility of developing an accreditation scheme, so that people know which products and installations to trust. We will also work with the industry to develop a scheme for installing microgeneration in schools so that we can educate the next generation about the need for energy efficiency and renewables.

It is vital that British business takes advantage of new energy-efficient technologies to reduce its costs and help the environment. Over the next 10 years up to £1 billion will be invested in a new national institute for energy technologies in a 50:50 partnership between Government and business. BP, EDF Energy, E.ON UK and Shell have already expressed interest in taking part.

We will also bring forward a detailed consultation on what more we can do to promote large scale commercial deployment of carbon capture and storage. As the Budget and the current energy review show, we are serious about tackling climate change and will take the

[Alan Johnson]

tough decisions necessary to deliver real reductions in carbon. We have seized the agenda since 1997. As a result, we have beaten our Kyoto targets.

Stewart Hosie (Dundee, East) (SNP): The Minister says that the Government are serious about reducing carbon emissions and tackling global warming and climate change. Will he give a commitment to the House today to look again at the imbalance in connection charges between the north of Scotland and the south of England—the south of England being subsidised and the north of Scotland being charged about £24 per kilowatt to connect to the grid—to assist in making large scale off-shore wind production financially attractive?

Alan Johnson: I can give the assurance that in the energy review that is one specific aspect that we will be examining. I agree that the problem needs to be resolved.

The climate change levy package has saved over 28 million tonnes of carbon since it was introduced, and is expected to save a further 6 million tonnes a year, so that by 2010 it will account for 40 per cent. of the UK's total carbon reductions. The Budget announced that from next year the climate change levy will increase in line with inflation. Even after taking into account these increased rates, business will still benefit from the overall climate change levy package. The 0.3 per cent. reduction in national insurance contributions brought in at the same time as the levy saves business £900 million a year, whereas the levy costs about £600 million a year. The Conservative party remains opposed to that progressive measure. If we were to follow its approach, there would be a further 6 million tonnes of carbon a year in the atmosphere, which is equivalent to the combined emissions from Birmingham, Leeds, Manchester and Sheffield.

Climate change is not only an issue for business. The Budget includes measures to insulate a further 250,000 homes over the next two years, bringing forward annual carbon savings of 35,000 tonnes and reducing annual household bills by around £20 million. We will also put £5 million over the next two years into a new large-scale trial of smart metering, which will be matched by private sector funding. That will help us, as consumers, to understand and look harder at our own energy consumption.

In conclusion, this is a forward-looking Budget. It equips today's Britain for tomorrow's vital challenges. It reduces burdens, promotes competitiveness and raises productivity. It is a Budget for business and it is a Budget for industry, and I commend it to the House.

4.35 pm

Mr. Alan Duncan (Rutland and Melton) (Con): I have watched all 10 of the Budgets delivered by the Chancellor, and none of us who has watched him doubts that they are always skilfully honed. He is a master of propaganda rather than enlightenment. We have long since learned that what is in the Budget on the day is not what matters and that most of the pain lies in the small print that is not announced on the day.

All Budgets need time to settle for everyone to digest them. This Budget does not involve great drama, because there is no fundamental restructuring or revolutionary changes of gear. There is no real point in engaging in an auction of hyperbole in which one side says that the Budget is all fabulous and the other says that it is all disastrous. This Budget needs a more dispassionate assessment of the context in which it has been designed. *[Interruption.]* Even in this House, there are moments to stand back and consider the long-term trends, which is exactly what I want to do today.

I shall admit something else to enliven the House. Some say that the two sides of this House have so converged that one can no longer tell us apart, but they are totally wrong. Labour has had to prove over the years that it understands and embraces market economics, while we have had to reassert our belief in social justice, but what divides us is tax and the power of the state. The Chancellor is inclined to tax anything that moves and do anything that he can get away with; we believe in lowering taxes wherever possible and that any new tax must be justified. The Chancellor believes that state action and centrally directed initiatives are the solution to most national problems; we believe that the creativity and aspiration of the individual, free from state interference, is the greatest engine of progress and improvement. We appreciate more than the Chancellor that only private prosperity can pay for public services—when we think of wealth, profit and prosperity, we say, "Go make it", while he says, "Go take it".

The Chancellor makes much of his fiscal rules: first, that he should balance the budget over the economic cycle, and secondly, that he should borrow for investment, not merely for spending. However, he took some pride in rejecting what he called a third fiscal rule, namely that spending should rise more slowly than growth. Perhaps that policy marks the difference between us, because it contains both a grave admission and the seeds of its own destruction. If spending increases more slowly than growth, then the state takes a smaller proportion of GDP. If spending increases ever faster than growth, which is the opposite of the fiscal rule that he has rejected, then the state takes an ever-larger proportion of GDP, which leads to more spending, higher taxes and greater borrowing—what was 40 per cent. can become 50, 60, 70, 80 or 90 per cent. The effect is a bit like flesh-eating bacteria: it is so self-consuming that if one were to carry the Chancellor's course to its logical outcome, the British economy would disappear up its own origins. But fortunately the people can stop it.

Everything is up against its limits. That is not my opinion, but that of the Minister for Higher Education and Lifelong Learning, the hon. Member for Harlow (Bill Rammell). I have a little clip that states:

"A Government minister who admitted that Labour had taxed people to 'the limit' was rebuked by the Treasury last night"—

[Interruption.] I am told that that was quite right. It continues:

"Bill Rammell, the higher education minister, said, while launching a White Paper on further education: 'We are probably about at the limit of what people are prepared to pay to improve public services.'

The Treasury issued a firm rebuke to the minister".

The Chancellor is running out of tricks and wheezes to expropriate any more revenue, but that admission signifies what is to come. With a majority of only 97 in Harlow, the Minister knows something about being up against his limits.

The danger is that the Chancellor will run out of flexibility. As *The Economist* said:

"If, for example, the economy runs into trouble later this decade, then his plans for apparently modest public spending growth may yet prove unaffordable, just when they might be most needed. The chancellor was fortunate to inherit a strong economy whose public finances were improving sharply. If Mr Brown's inheritance as prime minister is a weakening economy and a chronic budget deficit, he will have only one person to blame: himself."

This is the Chancellor who has doubled the council tax and destroyed pensions. This is the Chancellor who is guilty of causing the pain of ever-rising council tax and who is guilty of the unforgivable larceny of seeing the best-funded pension provision in Europe reduced to ashes.

It is not the little announcements in the Budget that will be dwelt on, but the underlying trends and pressures that Britain faces. It is not a million quid here or there, but the incidence and burden of tax and our competitive position and skills base that will determine our prospects in the longer term.

Even now we can see that the Chancellor's favoured structures are coming under strain. NHS deficits are a major crack in his ill-crafted model of public services. He can boast about the extra billions, but not only do they have to be paid for, they are not solving the problem. We do not have a perfect national health service: we have deficits, closures and lay-offs. He may well have doubled his spending, but now he will have to double the size of the House of Lords to pay off the deficits.

Competition in the modern world is becoming more and more ferocious. Comparative weakness can be seized on, with the swift transfer of capital to better options. Comparative advantage is more and more difficult to define and retain. Mature economies such as ours, with higher welfare costs and high social standards, carry those costs while having at the same time to compete with the likes of India, China and eastern Europe—all at a different stage of development. Our fortunes will not be shaped in any sudden way by the contents of one Budget. They will be determined by the gradual and continuing force of global competition. Despite what the Secretary of State for Trade and Industry said a moment ago, there are some very worrying trends.

Britain has dropped from fourth to 13th in the World Economic Forum competitiveness table since 1997. Just today, we learn that *The Economist* intelligence unit survey of how favourable a country is for foreign investment shows that the UK has fallen from fourth to seventh, because of concerns about tax levels, regulation, poor transport infrastructure and low levels of productivity. It is no triumph to be overtaken by Finland, Holland and Ireland.

Productivity growth has slowed under this Labour Government and, last year, it actually fell to zero for a time. Under the last Conservative Government, we were catching up with France and the USA, but under this Government we are losing ground. Last year, business investment, at 9.1 per cent. of GDP fell to the lowest level since records began and the number of new companies registered actually fell.

Edward Miliband (Doncaster, North) (Lab): On a point of fact, does the hon. Gentleman accept that annual average productivity growth in this cycle has been 2.3 per cent., against 2 per cent. in the last cycle—*[Interruption.]* I see that the shadow Chancellor is trying to give the hon. Gentleman the answer, but perhaps he could respond to my question.

Mr. Duncan: The hon. Gentleman is always changing the cycle and the base in order to churn out statistics that suit him. We take a broader and more honest view of the figures.

The Chancellor talks a lot about skills. In his Budget, as if it were some communist five-year plan for tractor production, he said of the UK:

"By 2020, it will need 14 million highly skilled workers. And of 3.4 million unskilled jobs today, we will need only 600,000 by 2020."—[*Official Report*, 22 March 2006; Vol. 444, c. 292.]

The extraordinary certainty with which he asserts those figures is distressing enough, but not all parts of Government share in his enthusiasm for science-based skills. It was staggering to be given a letter that an Ofsted inspector wrote to the children of a primary school in my constituency after an Ofsted inspection—a practice that I do not think is appropriate, particularly when it includes the sentence:

"we think that you ought to spend more time on subjects other than English, mathematics and science."

[Interruption.] I will repeat it for the hon. Member for Doncaster, North (Edward Miliband), if he really thinks that he approves of such a letter. An Ofsted inspector has written to primary school children suggesting that they ought to spend less time on mathematics, science and English. How are we going to reach the required standards in our primary schools if that is the attitude of Ofsted inspectors?

Let me take an article by Sir John Rose from the Chancellor's newly appointed business advisory council, who says:

"The key to competitiveness and productivity is a strong educational base that can create a well-educated workforce."

No one can disagree with that. He goes on:

"In our schools, some of the key, science-based subjects are in decline. The number of sixth-formers taking A-level physics, for example, has fallen 30 per cent. over the past 15 years. More generally, there has been a decline in science and maths as a proportion of A-level passes.

At university level our students are increasingly failing to find engineering-based subjects attractive—the number of electronic and electrical-engineering students has fallen by more that 30 per cent. in the past two years alone. More than half of all engineering doctorates awarded in Britain are gained by overseas students."

At least that is an example of what may be good advice heading in the direction of the Chancellor.

As if the skills problem were not bad enough on its own, we have the added burden of regulations. Every single year, the EU alone issues 100 to 150 directives and 3,500 regulations.

Anne Main (St. Albans) (Con): I am sure that my hon. Friend will share my disgust at some of the daft regulations that come out of Europe. Speaking as the Member for the home of the international organ festival, does he share my slight glimmer of hope that there may be an exemption for the pipe industry, and will he urge the Government to press forward with making sure that that industry is exempt from this daft regulation, which may threaten our liturgical music?

Mr. Duncan: My hon. Friend is absolutely right. The hazardous waste directive banning the use of lead in new electrical products appears to threaten the restoration and building of church organs. We were partly heartened by the response of the Minister for Industry and the Regions, the right hon. Member for Cardiff, South and Penarth (Alun Michael), in Trade and Industry questions last week. He said that restoration would not be subject to the directive, but he was ambiguous and ambivalent about whether newly built organ pipes would be exempt and said that they would have to apply for an exemption. Will the Secretary of State apply for a general exemption on the industry's behalf, or will each company have to apply for an exemption individually?

Alan Johnson *indicated dissent.*

Mr. Duncan: The right hon. Gentleman declines to tell the House. He should be on top of the issue and able to tell us. The Budget is about the prosperity and success of business, many of them small businesses such as those that make and restore organs. If the Secretary of State is not prepared to tell us whether they are going to be able to survive the regulatory regime that we are discussing, he is not doing his job properly.

I have found no end of examples of directives, many of which would suffice as a paragraph but are, when they come to us, seven, eight or nine pages long. We have the Food (Jelly Confectionery) (Emergency Control) (England) (Amendment) Regulations 2004, which runs to six pages, and the Food (Jelly Mini-Cups) (Emergency Control) (Scotland) Regulations 2004. When I wrote my election address, little did I appreciate that we were so severely at risk from an imminent invasion of jelly cups. Those who show enough enterprise to start or run a business quickly find themselves swimming in treacle. They immediately get an enormous book. We need a "Treacle Swimming Emergency (Britain) Order" to rescue their prospects. Any business person faces an enormous burden and uncertainty under the Government.

The operating and financial review was a sad and sorry tale. Was the Secretary of State told about it before the Chancellor abolished it? *[Interruption.]* One Minister claims that he was while the Secretary of State shakes his head. The Chancellor abolished the operating and financial review. Companies subsequently said that they would prefer to have it because they had spent all the money preparing for it. The Chancellor then said that we would have it back. A statutory instrument was passed to get rid of it but it remains in the Company Law Reform Bill. That is a mess. Businesses need certainty and consistency so that they can decide how to invest and know how they spend their money.

Mr. Davey: Does the hon. Gentleman know whether the Department realised that the Chancellor would abolish the home computer initiative? He probably knows that Department officials were being given computers but will now be charged £200 a year because of the Chancellor's decision.

Mr. Duncan: The hon. Gentleman is right. The Department website stated:

> "One of the most effective ways of realising the potential of the workforce and the organisation is for employers to make computers for home use available to as many employees as possible. Basic computer and technology skills are now regarded as essential for the majority of jobs ... Home Computing Initiatives ... are an extremely powerful catalyst for any organisation that wants to exploit the clear and indisputable link between individual learning, workplace productivity and overall competitiveness."

The Chancellor has not only scrapped those initiatives and is sending a bill to many employees, but work-life balance goes out of the window.

There have also been some strange announcements about corporation tax. Two changes were announced. First, the 0 per cent. rate has been abolished—the Institute for Fiscal Studies described that as an "unfortunate experience". The Chancellor made the bizarre claim in the Budget that that "simplification" would save business £9 million. Secondly, thresholds remain unchanged and have not even been uprated with inflation. We now have more corporation tax than Sweden.

Eight years into the Government's tenure, there are 3,000 business support schemes. Every time the Chancellor opens his mouth, he seeks a headline and launches a scheme. Eight years on, there are so many that they are out of control and lack any coherent structure. It is no wonder that the Government have set a new target. They said:

> "We will work ... to reduce the number of business support services from around 3,000 now, to no more than 100 by 2010."—[*Official Report*, 27 March 2006; Vol. 444, c. 642W.]

The difference between 3,000 and 100 is so massive that it makes one wonder why the Government have not done something about it earlier.

Business likes a stable framework in which it can invest. It does not like erratic public policy. We have had the saga of the operating and financial review and, as the hon. Member for Kingston and Surbiton (Mr. Davey) pointed out, we now have the saga of laptops.

During this Parliament, Qinetiq and Westinghouse have been sold. However, we have not had any clear statement of the Government's policy on privatisation and the sale of assets. At least—one might also say, "at last"—the Chancellor has said something in the Budget about his future intentions. If he is to dispose of £30 billion of assets before 2010, I hope that he will at least make some shares available to the general public and not treat them, as his special adviser does, as old grannies in blouses to be contemptuously dismissed as irrelevant to wider share ownership.

The Secretary of State referred to the energy review. Almost all the Government's existing policy objectives have not been fulfilled. Today, we have had the climate change programme review, which shows that we are missing our emissions targets. A second objective was to seek reliability in energy supplies, yet we have recently experienced a gas balancing alert and punitive gas prices. A third objective was to eliminate fuel poverty,

but the Government estimate that the number of vulnerable households in fuel poverty is due to rise by 1 million. The climate change levy is a tax on energy, but we need to bear down on emissions. We are taking the energy review seriously, but it seems as though the Prime Minister is semi-detached from his own.

The Chancellor hardly dared to mention pensioners in the Budget. That was hardly surprising, given that what he has not already destroyed, he cannot now afford. At a time when the hard-pressed private sector is carrying an ever-growing public sector, this Secretary of State did a deal. He caved in to the unions over central Government pensions and has thereby enraged those who work in local government. Those in the private sector are working longer and have less pension security, and today we have seen the biggest strike since 1926. One estimate puts the total liabilities in unfunded public sector pensions at nearly £1 trillion. Is the Secretary of State still prepared to claim that he is the Minister responsible for public pensions?

Alan Johnson: Does the hon. Gentleman agree with the shadow Secretary of State for Health, who said that he thought that that was the right deal to do, and that it was fair to staff who were already in post?

Mr. Duncan: I always agree with my Front Bench colleagues, although I have little doubt that the Secretary of State has misinterpreted what my hon. Friend said.

Harry Cohen (Leyton and Wanstead) (Lab): Will the hon. Gentleman give way?

Mr. Duncan: No, I will not.

In looking back at the Budget, we need to look at the broad direction in which our economy is heading, and in which it risks heading further. We need an economy with lower regulation and higher skills. We need one with more consistency and less chop and change. We need one with an imaginative infrastructure that extends to areas that, at the moment, are denied the opportunity that they deserve. We need one with people in it whose working life can give them security in old age, and one that has an energy mix that is competitive, sustainable and safe. We lack a Government who actually know something about business. We need a Government who appreciate that without wealth there can be no welfare, without prosperity there can be no attack on poverty, and without a thriving business community we risk decline.

This was a do-nothing, hold-on-for-dear-life Budget. The Chancellor desperately hopes that he will be able to slip in under the wire to No. 10 before he is rumbled. However, the real cost of this Chancellor is hundreds of billions in higher taxes and annihilated pensions. In the years to come, we are all going to pay a heavy price for his stewardship of our economy.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. May I remind all right hon. and hon. Members that there is a 12-minute limit on Back-Bench speeches?

4.57 pm

Mr. Alan Milburn (Darlington) (Lab): I refer the House to my entry in the Register of Members' Interests.

It is always a huge pleasure to follow the hon. Member for Rutland and Melton (Mr. Duncan), although his speech was somewhat less dispassionate than he had promised. He was obviously in Tiggerish mood, and somewhat less gracious than usual. I would have thought that any right hon. or hon. Member would recognise that to be able to deliver 10 Budgets in a row is a pretty remarkable achievement on the part of any Chancellor of the Exchequer. For those Budgets to have coincided with, and contributed to, our remarkably successful economic climate is without parallel in modern times. So perhaps the shadow Chancellor, the hon. Member for Tatton (Mr. Osborne), will offer a bit less criticism and a bit more credit to my right hon. Friend when he rises to speak later.

The test of whether a modern Budget works consists of three things. First, we must determine whether it provides for sound economic management. Here, my right hon. Friend has again confounded the prophets of doom, including many Conservative Members, who seem to take perverse pleasure in predicting the imminent decline either of the British economy or of the public finances. I have heard much the same speech from the Conservative Front Bench over the past nine years. In the real world, however, I have yet to see any such decline. Who nowadays talks of mass unemployment, sky-high interest rates or out-of-control inflation?

It is true that Britain faces many challenges in the future, and I will come to some of them in a moment. However, credit is due to my right hon. Friend the Chancellor. As the International Monetary Fund put it in December,

"macro-economic stability in the UK remains remarkable,"

When the shadow Chancellor gets to his feet later today, I hope that he will have the good sense and good grace to concur with that judgment.

Secondly, however, successful Budgets must look beyond today's achievements and face tomorrow's challenges. In the end, politics is about the future, not the past. Political parties that are wedded to the past tend to remain stuck in it, which is precisely why the Conservatives remain in opposition. Success goes to those who have the strongest claim on the future. Again, in that regard, this Budget has much to commend it—above all, as my right hon. Friend the Secretary of State for Trade and Industry has just said, its commitment to increased funding of education and science as recognition that our country's future competitiveness will rely increasingly on access to skills and technology.

That brings me to the third test of success for any Budget—whether it works politically as well as economically. Here, my right hon. Friend the Chancellor laid down a dividing line in his Budget that caused the Conservative party—I notice that the shadow Chief Secretary has departed—some discomfort, to put it politely. The Conservatives' adoption of a third fiscal rule might have seemed a good wheeze when it was dreamt up, but the Budget has exposed it for what it is. Going into the next election promising cuts in public expenditure, particularly in education, will leave the Conservative party no further forward than it has been at the two previous elections.

[Mr. Alan Milburn]

I speak with some feeling on that. My party had to learn the hard way during the 1980s that when one gets the fundamentals of tax and spend wrong, one pays a very high political price. Conservative Members might note that former President Clinton is in town today, and we all welcome him. The Conservative party would do well to heed the advice of President Clinton's famous election campaign slogan—it is the economy, stupid, not stupid economics, that wins elections.

When Labour won office a decade ago, the key policy question that faced Britain was how to end the stop-go economic cycle and how to modernise public services. In both regards, although, of course, there is more to do, there is much progress to report. There are new questions today, however, which are different from the old ones. They boil down to this: how can we ensure that our response to globalisation, including increased competitive pressure from India and China, is characterised by the building of a genuinely inclusive society when there are huge pressures going in the opposite direction?

As my right hon. Friend the Secretary of State for Trade and Industry indicated in his speech, globalisation demands many policy responses from Government—fiscal discipline, economic stability, open markets not economic protectionism, a limit on regulation. It also requires investment in skills, technology and infrastructure. In the end, however, important though each of those policies are, the most important policy response is none of those—instead, it is the building of a society in which every citizen gets the chance to contribute and to progress. We now live in a highly competitive world, in which every talent wasted is not just a loss to the individual but a huge economic drag on the country. Britain can succeed economically only if we are mobile socially. Here, bluntly, we have no reason for complacency and much to concern us.

As my right hon. Friend the Chancellor reported, it is true that life is steadily getting better for most people—living standards are rising. We all know, however, that in recent decades birth not worth has become more and more a key determinant of life chances in our country. Social mobility has slowed down when it ought to have been speeding up.

Mr. Stewart Jackson (Peterborough) (Con): I am listening with interest to the right hon. Gentleman's homily to the future. Can he explain how, after nine years of Labour Government, the gap between the richest 10 per cent. and the poorest 10 per cent. in our country is wider than it has ever been?

Mr. Milburn: I will come to precisely that. The hon. Gentleman might have read, I think, the most authoritative study on inequality, mobility and poverty by Professor Hills of the London School of Economics. He says that it is likely that in the last two years for which figures are available, the widening of the inequality gap, which widened massively during the 1980s, has been halted. What we know for sure is that poverty has been reduced, particularly among children and pensioners. The truth is, however—we see it in the hon. Gentleman's constituency as much as in mine—that the gap remains stubbornly and persistently wide. While more people are better off, poverty has become more entrenched. There is a glass ceiling on opportunity in our country. We have raised it, but we have not yet broken through it.

There are many welcome measures in the Budget that will help the position. Increasing the value of tax credits is one; yesterday's White Paper, with its focus on skills, is another. But as Amartya Sen, winner of the Nobel prize for economics, has noted, social inequality is best tackled and mobility best advanced if we tackle the root causes, not the symptoms. That must mean moving beyond simply correcting low wages and family poverty after the event, towards policies that spread opportunity and help people to realise their own aspirations for progress.

The biggest inequity today in our country is not between income groups, but between those who own shares, pensions and housing and those who rely purely on wages and benefits. That is why I believe, in common with my right hon. Friend the Chancellor, that the biggest contribution to enhancing social mobility is to establish Britain as an asset-owning democracy. After all, people rarely spend their way out of poverty. It is far better to encourage people to own assets, so that they have a real stake in the future. I therefore welcome the Budget announcement about the child trust fund. I also welcome the extension of home ownership: indeed, I want it to go further. Just as we are extending home ownership, we should seek to extend employee share ownership to give people a greater stake in economic success.

My party won by becoming a party of aspiration. Our means of beating poverty should involve unleashing aspiration. That brings me to another area in which more reform is needed to combine the values that the Labour party, at least, has always supported—social justice and fairness for all—with the modern ambition that people rightly have to progress. I refer to the sensitive issue of taxation.

The Chancellor told the House that he had had scope for tax cuts, but had chosen not to make them. He rightly announced, however, that he was uprating tax credits in line with earnings. In effect he was announcing a tax subsidy for working households, and I welcome that. Tax credits have made a real difference in raising living standards and incentivising people into work. Before their introduction, thousands of low-income families faced marginal tax rates in excess of 70 per cent. Some were even clobbered by rates of over 100 per cent. That meant that for every £1 earned in wages, more than £1 was taken off in tax.

Today, over half a million fewer low-income households face such insanely high marginal tax rates than was the case in 1997. However, as the Red Book itself confirms, the number facing marginal tax rates of 60 per cent. or more has increased by nearly 1 million, largely as a consequence of the workings of the tax credit system. The Institute for Fiscal Studies has warned that, without remedial action, that could worsen work incentives.

I was brought up to believe that hard work and endeavour would be rewarded, not penalised. The tax system needs to reflect those values. On fairness grounds, it surely cannot be right for people towards the bottom of the income scale to face higher marginal taxes

than those at the top. It is for that reason that I welcome the Chancellor's plan for a review of the feasibility of aligning income tax and national insurance contributions for low-income families. I believe that the review should consider additional ways of making direct, targeted cuts in the tax burden on low-income families, building on our introduction of the 10p starting rate of tax in 1999, so that we can spring more people from the poverty trap. Such radical action is needed if we are to unfreeze social mobility in our country.

Of course, there is much that this Labour Government have already done of which we can be proud. No Conservative Government would ever have introduced a national minimum wage, made universal child care a new arm of the welfare state, or helped millions of pensioners out of poverty. The Budget is a further step in the right direction, but we need to do more to help more people through that glass ceiling. An 80–20 society, in which 80 per cent. do OK but 20 per cent. are left behind, might be good enough for the Conservatives, but it should not be good enough for us. That is why I urge my right hon. and hon. Friends to keep moving forward with reform. The longer that we are in government, the greater the need to keep on changing to keep pace with the times in which we live.

5.9 pm

Dr. Vincent Cable (Twickenham) (LD): It is a privilege to follow the right hon. Member for Darlington (Mr. Milburn), who is a former Treasury Minister and therefore speaks with some authority on these subjects. I was disappointed that he said nothing about a subject that he knows even more about—the national health service, on which the Budget has been remarkably silent—and I want to put a specific question to the ministerial team.

All hon. Members are worried about the implications of the NHS funding crisis, and I want to make a specific point to which the Minister may be able to reply by 10 o'clock. One of the Government's great achievements in health has been the roll-out of cancer screening—a major challenge to which there has been a huge response. The next step, which was to start in three days' time at the beginning of the financial year, was to begin a programme of bowel cancer screenings—something long awaited by people in the cancer campaigning world. Stories have been reported in the press and to me by a leading charity in the field that, at the very last moment, the programme has been pulled because of financial difficulties in the Department of Health. I wonder whether the Minister could set my mind at rest on that issue this evening.

Mr. Willis: Does my hon. Friend share my concern that, at a cancer briefing this morning, the Minister responsible announced that the bowel cancer programme would be rolled out from Rugby, where an existing programme has been in place for the past five years, yet not a single other roll-out place was named? Is that not highly cynical?

Dr. Cable: It is because, as my hon. Friend implies, the pilot schemes have been run already and have proved highly effective, but what had been promised was a universal scheme, which now seems to be in the process of being abandoned.

I congratulate the Conservative spokesman, the hon. Member for Rutland and Melton (Mr. Duncan), on his emollient and consensual approach—at least, he started like that. He is someone who describes himself, like some of his colleagues, as a fellow liberal. I am not sure how far up the Back Benches that view is to be found, but it is a good start, and perhaps we saw a new style of debate today, which has been characterised by one wag as the debate between new Labour and blue Labour, although I do not know how the hon. Gentleman positions himself.

The overall Budget debate has been somewhat frustrating, because we are essentially dealing with two different issues, one of which is the Government's overall economic performance and the other is the Budget, which has become a somewhat ritualised event. Most of the decisions have been made in the spending review and the pre-Budget report. The sum total of what is proposed amounts to 45 measures, costing £380 million. That is less than one tenth of 1 per cent. of all Government spending—well within the margin of error of any Government forecast. We are talking about a series of changes—some of which are very welcome and sensible, such as the spending on schools and science—that have absolutely no impact whatever on the overall macro-economy.

On the macro-economic picture, the view that I have taken ever since I took on my current role is to acknowledge the positives, and it is certainly still true that we have steady growth, low inflation, rising employment and fairly low unemployment, although unemployment has now risen for 12 of the past 13 months, which may be the beginning of an ominous trend. However, the Government tend to spoil their own very positive narrative with endless spin, hype and exaggeration. One little phrase always creeps into the Budget statement that reveals a lot: it is a lovely line about how they have the best period of steady growth, going back to 1700, or the Tudors—or the Normans, I am not sure. That nice line is true in one sense, but it is produced by a sleight of hand by using quarterly data.

If we use annual data, we could argue that after 1949, for example, there were 25 years of steady growth. It is worth reflecting back on that period, because many of the strengths and weaknesses of the current long boom were apparent then. As some of us dimly remember from our childhood, it was a period of steady growth and rising living standards. Many of our parents were for the first time enjoying consumer durables bought on hire purchase. It was also a period of low unemployment, low inflation and general optimism; however, there was a fundamental problem that we see reproduced today.

Back then, the structure of the economy and of demand was very unbalanced—it was led by consumption. Of course, in those days such imbalance appeared in the form of crises, because consumption spread over into imports and produced balance of payments crises. That no longer happens because of the liberalisation of capital markets; nevertheless, we have the same problem today. Consumption has grown by 3 to 3.4 per cent. a year since the mid-1990s, while the economy as a whole has grown by about 2.8 per cent. As a result, household savings ratios have fallen from 10 per cent. to less than 5 per cent., and the end product is a growing problem of personal debt. The Minister will

[Dr. Cable]

have seen this morning's report from the Financial Services Authority—a very conservative regulatory body not given to hype or outrage—which points out that some 2 million families, over and above the 500,000 who have already defaulted on debt, are on the edge and in considerable difficulties in terms of managing domestic debt problems.

Figures published by the Organisation for Economic Co-operation and Development a few weeks ago point out that the comfort that we derive from low interest rates is illusory. Because of low interest rates, people are borrowing very heavily, which means that principal repayments are growing much more than they did in earlier generations. People are also taking on credit card debt, which has to be serviced monthly. The OECD concluded that the share of household income being spent on debt servicing is approaching 20 per cent. The same was true in the early 1990s, when the last economic boom crashed disastrously under the previous Conservative Government. In many respects, the conditions today are very similar, and we can expect a painful correction in the years to come.

The other parallel with that period is also very striking. Throughout the 1950s and certainly in the 1960s, as we moved into the Wilson era, politicians talked endlessly about productivity growth and science, because in comparative terms there was an underlying weakness in the UK economy. That weakness was very apparent, because Germany, Italy, France and Japan were recovering from the wartime period. It is less apparent now because the real breakthroughs are occurring in non-G7 countries, but the problems are still very real.

As quite a few economic analysts have pointed out, in the past few years the British economy's productivity growth has fallen. A report published this morning by the Economist Intelligence Unit shows, for example, that Britain is now the seventh biggest recipient of inward foreign investment; last year, it was the fourth biggest. That is very strange and difficult to explain. Britain has a very open economy—unlike France, Italy and Spain, we have no problem with foreign acquisitions and mergers—yet foreign investors are very reluctant to come here. According to the EIU's analysis, a combination of very complex business taxation—incidentally, the corporation tax threshold was not raised this year, so more companies have been dragged into the higher rates—regulation and poor infrastructure is having a cumulatively damaging effect on the Chancellor's claim that he is overcoming problems of low productivity.

On the Budget's specifics, one has to judge them on whether the Government are meeting their declared fiscal objectives in terms of the golden rule and the debt rule, and the Government themselves say that they are. Sadly, although the fiscal rules were a good idea and a very good way of restoring confidence in public finances, they have been discredited by the Government's marking their own exam papers in a favourable way. I acknowledge that the Government propose to take the big and positive step of introducing legislation to make the Office for National Statistics more independent, but there is another part to all this that is not happening. There should be a much greater degree of independence in the auditing of the Government's own accounts. An independent examination should be made of their assumptions and forecasts, and of whether they have actually met their rules. That would be a small step, but it would do an enormous amount for Government credibility so I cannot understand why they do not take it.

Because the Government have not taken that step, many little details in the Red Book raise suspicions about what they are trying to do; for example, in 2007–08 and beyond there is no contingency fund in public spending. The contingency fund was extremely important for funding the Iraq war, but it now appears to have disappeared, which implies a highly optimistic approach to future budgeting. Perhaps the Chief Secretary can explain what has happened.

There are some optimistic assumptions about the clampdown on tax avoidance. I am all in favour of tougher measures to clamp down on tax avoidance and I wish the Government well in their efforts, but they assume that they will achieve a 100 per cent. success rate and raise an extra £1 billion a year from those measures. Have the proposals been independently audited? Has anyone in the tax industry been able to confirm that the figures are meaningful and sensible?

Items on the spending side need to be questioned, too. During his Budget statement, the Chancellor said that an additional £970 million would be spent on public housing through shared ownership schemes, which at the time I thought was positive and encouraging. However, although I and other people have searched through the Red Book, there is no reference to that sum anywhere. Shared ownership is difficult to operate, but it appears that the figure simply reflects commitments made last year and the year before, so it is not a new commitment at all. Can the Government confirm that?

Various other spending items need some explanation. Perhaps the Chief Secretary can advance it. For example, it is stated there will be a 5 per cent. real cut in the spending of the Treasury, the Cabinet Office and the Department for Work and Pensions. I am all in favour of tightening up discipline in spending Departments, especially if they can reduce headquarters overheads—the principle is splendid. However, when Gershon reported just over a year ago, he argued that any cuts beyond 2 per cent. a year would be likely to result in a deterioration of service provision. How do the Government square that with their proposals?

We already know from our constituents who are grappling with the problems of Jobcentre Plus that when they are put out of work it can take weeks to receive an answer to a call or to regularise their payments. There are already serious problems in the DWP. We know from National Audit Office reports that the Inland Revenue is falling short in its revenue collections by about £3 billion a year because it cannot get codings right. How taking out large swathes of capacity in that department will help is not clear. Where will the real savings of 5 per cent. come from?

I have questions about the £30 billion that the Government plan to raise from privatisation, or asset sales. I have no problem with the principle, but the Government have already experienced considerable difficulty in realising maximum value for the public from asset sales. I closely followed the Qinetiq deal, where clumsy intervention by the Treasury, pushing the

Ministry of Defence into selling the assets prematurely, resulted in the taxpayer receiving only a fraction of what should have been achieved by the sale. One has to be a bit sceptical about whether those sums will be realised.

What guarantees will underpin asset sales? One of the biggest sales will be shares in British Energy. In principle, there is no reason why there should not be a private shareholding in the company, but if I were buying a share in British Energy I should want to know about its long-term business. The only way that can be secured is if the company is guaranteed an expanding new nuclear power programme. It is difficult to see how privatisation can proceed without the kind of guarantee about which the Government claim to have an open mind. There is clearly a link between the two.

I have some specific questions about tax measures, one of which has been touched on by my hon. Friend the Member for Kingston and Surbiton (Mr. Davey) and relates to the strange events surrounding the tax concession on work-based laptop computers. I quote to the Chief Secretary what his colleague the Chancellor said in 1999, when the measure was introduced. He said:

"We hope this new measure will encourage businesses to loan computers to their employees and that it will be as successful as a similar scheme developed in Sweden, where household computer use increased dramatically as a result. There are real benefits to businesses, employees and the wider community."

Well, why has the measure been pulled? As I understand it, it was pulled at about 24 hours' notice, following warnings from the Revenue about the difficulties. What has happened? Why was there no consultation?

I have just had an angry e-mail from one of my constituents who runs a business in that sector. He writes:

"As a business we have spent months working with other suppliers to set up processes, systems and contracts to help businesses finance this scheme. In fact we had just embarked on a scheme to provide finance for small to medium sized businesses so they would be able to let their employees take advantage of the scheme."

That has been completely undermined by the lack of consultation and by peremptory announcements.

Unfortunately, that follows a pattern. Last year, we had the self-invested personal pensions scheme. Partly as a result of warnings from Liberal Democrat Members, it was clear that the Government were opening the door to all kinds of problems related to giving tax relief on second homes and luxury holiday homes overseas. They had to retreat and did so in an embarrassing way, when people had already invested in the arrangements.

Helen Goodman (Bishop Auckland) (Lab): Surely the hon. Gentleman appreciates that, if there are concerns that tax reliefs are being abused and it is necessary to withdraw them because they are being used for avoidance purposes, it would be totally inappropriate to consult on those occasions.

Dr. Cable: Surely the obvious answer is that it is best to think those things through in advance.

That is not the only example. The film subsidy tax relief scheme had exactly the same problem. Before that, there was company tax incorporation, which had to be reversed, and reversed back again. There is a fundamental lack of thought about the practicalities of many of the schemes, which is ultimately very wasteful.

The main taxation measures that the Government introduced were in relation to the environment. The Liberal Democrats certainly support the principle of environmental taxation and would like to see more active use made of it. However, it was striking that on the day before the Budget, the Environmental Audit Committee, which is an all-party Committee, criticised the Government for allowing environmental taxation to fall as a share of gross domestic product. That is at a time when, as we were reminded this morning, carbon emissions targets are not being met.

Of the specific measures, we support the very modest increase in the taxation of what are called Chelsea tractors. Frankly, the research of the RAC, for example, suggests that, in order to have an impact and to change behaviour, the differential needs to be about £1,000 rather than £200. None the less, the measure is a move in the right direction. We welcome, in principle, the increase in the climate change levy. It is a clumsy tax, based simply on the manufacturing sector. We have argued for a more broadly based carbon taxation system, but since we support the principle of environmental taxation, we do not disagree with what the Government are trying to do.

Given that the Government claim to be really using environmental taxation, I am perplexed about why there is nothing whatever in the Budget on the aviation sector. Interestingly, air passenger duty, which is the one tax mechanism that the Government have, has been frozen. Why is that? There are many ways in which the Government could do something, through environmental taxation, to curb emissions in the aviation sector, but they have done absolutely nothing. The question is, why?

The major weakness of the Budget relates to the big opportunities that were missed. One question—this is a slightly technical point that I raised with the Chancellor in Treasury questions—is why the Chancellor missed the opportunity of the lowest real interest rates for 300 years to refinance large parts of the Government debt. The Government have rolled out a programme—they describe it in the Budget—for more active use of the gilts markets, but reputable economic advisers and former members of the Monetary Policy Committee have pointed out that billions could have been saved if the Treasury had been quicker off the mark in taking advantage of the market opportunities.

A more fundamental point is that there is absolutely no indication of where the Government are heading in terms of the long-term reform of local government finance. That is important because, as we all know, council tax is highly regressive. That completely undermines the basic objective that the Chancellor is trying to achieve: greater fairness and equity throughout the tax system. There is a lot of anger among pensioners about the loss of the £200 rebate, but that, in itself, is a symptom of a bigger problem. The tax is not perceived as fair or legitimate, and it needs to be reformed so that it is linked to people's ability to pay. Moreover, the local government tax system produces only 25 per cent. of local revenue, which is not consistent with the approach of local decentralisation of which the Government claim to be in favour. We have had no indication of where the Government are heading.

The Chancellor also missed the big opportunity of giving us an indication of where the Government are heading on pensions policy. There was a report in the

[Dr. Cable]

Financial Times on the day before the Budget of a blazing row about the matter that was supposed to have taken place between the Prime Minister and the Chancellor. I do not believe everything that I read in newspapers, but the article seemed singularly plausible because it argued that the Prime Minister had asked the Chancellor what he was doing about the Turner report. The Turner report's key recommendation was on how to create a system with a decent level of state pension to get away from mass means-testing, which has all the disincentive effects at which the right hon. Member for Darlington hinted. Turner offered a way forward, but we know that the Chancellor is passionately opposed to it. There is a fundamental division in the Government on not just pensions policy, but the fundamental question of the best way of dealing with poverty and redistribution. There is a question whether we should use complex benefits, or general measures such as those proposed by Turner on pensions.

I do not doubt the Chancellor's commitment to social justice because he clearly believes in it passionately. However, he has created a highly complex system of benefits that causes big disincentives. At the end of the day, the system has proved to be wholly ineffective because all the evidence about income and wealth distribution suggests that that problem is getting worse and certainly no better.

5.31 pm

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Since 1997, the Government's objective has been to build a strong economy and a fairer society with opportunity and security for all. That has been the backdrop of every single Budget that the Chancellor has delivered, including last Wednesday's. I have heard all of them, and before the hon. Member for Rutland and Melton (Mr. Duncan) leaves the Chamber, may I also say that I heard a number of Conservative Budgets before them? The hon. Gentleman seemed to suggest that there is little difference in the mind of the public, but that is not the perception of my constituents. They recall this Chancellor's contribution and contrast that with Black Wednesday, which, the Treasury estimated, cost £3.3 billion. The then Chancellor, Norman Lamont, raised interest rates during the day from 10 per cent. to 12 per cent. and then to 15 per cent. and authorised the spending of billions in an effort to keep the pound in the range allowed by the exchange rate mechanism. I am not complaining about the hon. Member for Rutland and Melton leaving the Chamber; I am sure that he will read my speech as carefully as I listened to his.

I want to be positive today and highlight the benefits to the economy and my constituents of the past nine years and the measures in the Budget. Inflation is set to remain low and stable. We are entering the 10th year of real growth under this Government, who are the only Government in British history to be on course to maintain 10 consecutive years of uninterrupted economic growth.

The economy has generated 2.3 million additional jobs since 1997. Britain has 75 per cent. of adults in work—a higher rate than those in America and the euro area. There are 170,000 more people in work than a year ago. In Coatbridge, Chryston and Bellshill the number of people out of work is 1,738, and 38,100 people are in work. What a remarkable transformation of employment opportunities! We could only dream of such figures during the years of the Conservative Government. However, even unemployment statistics can mask the personal misery endured by families torn apart and left with no dignity or future, as we saw when unemployment continued in an upward spiral and grew substantially in the '80s. Unemployment has been tackled most successfully, and the Government are now addressing the issue of incapacity benefit claimants.

My constituency is ranked No. 10 in the list of those claiming the most incapacity benefit. The top locations include Lanarkshire and Liverpool, and six of them stretch across south Wales. That should come as no surprise, because those were the heartlands of heavy industry, employing miners, steelworkers, shipbuilders and foundry workers—all doing heavy, dirty and often dangerous employment. In the case of the mineworkers, the Government have almost completed the largest personal injury compensation scheme in the world, yielding £1.8 billion for respiratory disease and £1.2 billion for vibration white finger.

However, the Department for Work and Pensions pathways to work project needs to be sensitive to that historical background and the enormous contribution that many workers from those communities have made to the wealth-creating industries. On Monday 10 October 2005, the Secretary of State for Work and Pensions published the Department's principles of welfare reform, which contain the values and principles that shape the Government's vision of the future welfare state. There can be no quarrel with that considered approach, provided that the principles are maintained and advisers treat incapacity benefit claimants with respect and dignity. It is also crucial to provide skills. A high-skill economy will help to deliver faster productivity and growth and ensure that the UK is well placed to prosper in the global economy. That is our response to globalisation.

The national minimum wage is an important cornerstone of Government strategy, aimed at providing employees with decent minimum standards and fairness in the workplace. Decency and dignity for all employees has replaced the old Dutch auction of employers competing against each other on the basis of who can pay the least to the fewest, which has no place in a fairer, modern Britain. The wealth we were promised in those days never did trickle down, but now we have the Low Pay Commission recommendations in place for the adult rate of the national minimum wage to rise to £5.35p from October 2006. I welcome that.

On health, the NHS budget has doubled since 1997, and will have almost trebled by 2008. The Red Book refers to admirable progress in accident and emergency units. Governments have their responsibilities; so do health authorities. Monklands accident and emergency unit, which serves my constituents, is earmarked for closure. I wholeheartedly support the retention of that vital health service facility. I congratulate my local newspaper, the *Airdrie and Coatbridge Advertiser*, on its outstanding role in promoting the retention of that unit. Praise is also due to the *Kirkintilloch Herald*, which has established a reputation second to none for campaigning on health issues. None the less, they also recognise the unprecedented investment in health made by the Chancellor.

The pretentious fury about the Chancellor's speech exhibited by the Conservative Front Bench team was about playing the man, not the ball. The Chancellor's consistent support of the national health service simply proves that actions speak louder than words. The administrators responsible for the provision of our health service have a difficult job—but heavens, how much more money do they want to provide the range of services that we need? The Chancellor has responded, so it is their responsibility to act. *[Interruption.]* I told the hon. Member for Rutland and Melton that he would enjoy what I said, and I am sorry that the hon. Member for Rayleigh (Mr. Francois), too, will only have the pleasure of reading my speech.

Trusts should be able to live within their budget allocation and they should accept that priorities are just as important to patients as they are to consultants.

Martin Horwood: Our primary care trust keeps within its budget. It is a three-star PCT that has balanced the books and broken even in recent years. Why, therefore, have closures of ward and hospitals, as well as the rationalisation of everything from mental health services to obstetrics been announced in Gloucestershire today?

Mr. Clarke: The hon. Gentleman might be able to catch your eye later, Madam Deputy Speaker. However, if he will forgive me, I have only a short time available so I shall concentrate on my own constituency.

Home owners have benefited from low and stable interest rates, with a current rate of 4.5 per cent. The jewel in the crown of economic success is the lowest mortgage rates since the 1950s, cutting mortgage costs for the average mortgage payer by about £4,000 a year. Scotland's housing market is set for another boom year, with prices rising at twice the rate for the UK as a whole according to Halifax Bank of Scotland, Britain's biggest mortgage lender. Even so, Martin Ellis, chief economist at the Bank of Scotland, has pointed out:

"Scotland remains the most affordable part of the UK."

Coatbridge in my constituency recorded the biggest house price increase in the UK during 2005, with an average rise of 36 per cent.. That is tangible evidence of prosperity across the UK, and not only for the wealthy.

Mr. Andrew Love (Edmonton) (Lab/Co-op): On home ownership, my right hon. Friend will know that until a year or so ago, the number of people who owned their own property had increased by 1 million. That figure appears to have increased again to 1.5 million, so can we now call Labour the party of the home owner?

Mr. Clarke: My hon. Friend is right—the party has truly produced a property-owning democracy.

The Chancellor dealt with overseas aid, and it was significant that the Leader of the Opposition did not think that it was worth dealing with the subject at any length. I welcome what the Chancellor said and did. The House will be aware that the International Development (Reporting and Transparency) Bill, which I introduced, is a small contribution to reducing third-world poverty. More specifically, Parliament and the House must become much more proactive, better informed and far more focused on the huge resources and practical strategies needed to tackle those problems.

I consulted both the Treasury and the Department for International Development, and I record my sincere gratitude to the Chancellor and the Secretary of State for International Development. My approach is founded on the belief that we have obligations to one other beyond our front door and garden gate, and we have responsibilities beyond our national borders. If Governments, business, non-governmental organisations and faith groups work together, this generation, with its energy, technology and global reach, does indeed have it within its power, if it so chooses, finally to free the world from poverty, disease, illiteracy and want. I believe that the Budget contributes substantially to that end.

5.45 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): I draw the attention of the House to my entry in the Register of Members' Interests.

I have not missed many Budgets, if any, since I entered the House, and I have never heard a Budget that had less content than the Budget that was delivered last week. It has already vanished from the newspapers, it contained very few measures, and it did not seem to attract the attention of the Chancellor of the Exchequer very much. He is plainly bored by the job that he holds, which he has held for a long time. He is impatient, we all know, to go to another.

The Chancellor can be a considerable and effective parliamentary debater, but I have never heard him put less effort into delivering a speech, so he gave a very boring speech. As the hon. Member for Twickenham (Dr. Cable) remarked, searching through it for what we used to regard as Budget measures produces a thin harvest. The Chancellor could not afford to do anything in the Budget, and did not particularly wish to do anything, so there was very little in it.

I am one of those who believe that we need an annual Budget. It is a strange performance that we go through, but the House debates economic policy so infrequently on the Floor that it is valuable to have a five-day annual debate. I do not want to go back to Budget speeches that used to be long, impenetrable, detailed expositions of fiscal and monetary measures, macro-economic indicators and the outlook for the economy, but we need more fact than the political presentation that we get from the Chancellor, and from his colleagues in subsequent days.

It would be nice to have a statement of fiscal policy, a description of all the fiscal measures being introduced that day, including the ones in the press releases, and a more dispassionate outlook as to where the economy is going. Because many of the financial commentators in the newspapers just take the Treasury briefing, if we have a Budget of the kind delivered by the Chancellor last week, we often have a debate about economic policy in the United Kingdom that is not based on a sound factual footing.

I shall try to fill the gap. I have spent a few days trying to work out where we are and what the Chancellor is doing. He deliberately took content out of the Budget by moving the difficult things out. Let me begin with fiscal policy. The Chancellor is raising taxation rapidly and increasing the tax burden, which is going up to levels that we have not seen since the 1980s. He is preparing to restrain spending growth drastically; he just did not want to say so in his Budget statement.

[Mr. Kenneth Clarke]

The Chancellor got rid of the specific tax measures in the pre-Budget November statement. He got over the humiliation of finally admitting that his growth forecasts were all wrong, but more importantly, he imposed yet more tax burdens on the oil industry, which will raise £2 billion in a full year, and he floated the idea of a development land tax, about which we will no doubt hear more in due course.

In the Budget, the Chancellor has relied on his old weapon of fiscal drag—not raising the thresholds for each level of tax in line with inflation, so as to produce more and more income. That leaves all our constituents baffled about why they feel they are paying more tax, although the Chancellor has not announced any increase in taxation. All Chancellors use it; the present Chancellor uses it every year, and he is using it heavily. The Red Book forecasts that by 2010, compared with the present, another 1 per cent. of national gross domestic product will be taken by income tax and national insurance.

As has already been pointed out, corporation tax thresholds have not been raised at all—not in line with inflation, not at all—so corporation tax take increases as well. The Chancellor is raising his revenue rapidly. He needs to; I shall return to that. He has put off—I do not regret it—the comprehensive spending review a little. I do not know why. It will be completed by mid-2007. He gave us hints of the beginning of that with what has already been described for Her Majesty's Revenue and Customs, the Treasury, the Department for Work and Pensions and the Cabinet Office. Their baseline will be taken down by 5 per cent. per annum in real terms, compared with their baseline for 2007–08. I imagine that the Ministers responsible will think of nothing else, because we have been given no idea how it will be achieved.

The Chancellor forecasts that public spending as a whole will increase by 1.9 per cent. each year between 2008 and 2010, which is less than half the level of recent growth and less than the likely growth rate of the economy. We have no idea where those cuts will be made, and we have no idea how the public services will cope when some of them are in crisis even following the ridiculous largesse since 2000. Unless reform is initiated, this will be a tight public spending round.

The Chief Secretary to the Treasury (Mr. Des Browne) *rose—*

Mr. Clarke: The Chief Secretary must deliver the public spending round—I have worked with some tough Chief Secretaries, and I hope that he has got the knuckledusters ready.

Mr. Browne: Like most hon. Members, I have enormous respect for the right hon. and learned Gentleman. However, I do not want him to continue to labour under the misapprehension that the comprehensive spending review 2007 was a Budget announcement. I am sure that he knows that I made a statement to this House in July setting out the fact that there will be a comprehensive spending review rather than a normal spending review. Indeed, I set out all the work streams, some of which are now reporting.

Mr. Clarke: I realise that spending is not usually a matter for the Budget, although I used to include it. However, when one considers fiscal policy, spending is still relevant to the debate. The Government are raising tax and are about to cut spending growth drastically—they argued that we were being draconian when we urged such measures in the past. There are no longer any fiscal rules by which to judge the matter. The golden rule has been discredited since the ridiculous change to the timetable for the cycle. The sustainable investment rule would be sensible, if the accounting devices for Network Rail, unfunded pension commitments and the private finance initiative made any sense. The Chancellor is flying by the seat of his pants on fiscal rules. In its annual country report, the International Monetary Fund recommends that he should start putting in some fresh fiscal rules to correct those discrepancies.

Although the Budget does not contain a Budget judgment, we should know what it is. Chancellors usually loosen policy, tighten policy, try to redress the public finances or feel that they can be expansive. This Chancellor is tightening policy, and he has only just started. He must do so because of many factors that we warned him about, given his years of irresponsibility since 2000.

The real economy is in the doldrums at the moment. Let us not start the fancy swapping of statistics, which involves real-terms figures, cash figures and choosing particular funny years. Everybody knows that the economy is going through a period of marked slowdown, because the 1.8 per cent. gross domestic product growth in 2005 was the lowest since 1992. Why is GDP growth slowing down? It has been based—I refer hon. Members to my previous Budget speeches—on a sea of household debt, and public debt and borrowing, for the past six years. That was not sustainable, and what is not sustainable always stops, which is why GDP growth has started to slow down. There has been a drop in consumer demand and a drop in public investment and spending. Those trends will continue, and will not pick up rapidly.

Last year consumer demand grew by 1.9 per cent.—the lowest growth since 1995. It will not pick up, and I shall briefly explain why. First, household debt is about 150 per cent. of household incomes. People will not add much to absolute debt, so they are not going to spend above their incomes any more. The disposable income of the average household in this country has gone up by only 1 per cent. in each of the past two years. Furthermore, I have referred to the tax burden, and the Governor of the Bank of England mentioned it when he discussed falling demand.

We have rising unemployment—there has been a slight hiccup in unemployment, which has been a good field hitherto—and last month's increase in the claimant count was the biggest since 1992. I am most struck by the fact that next year the percentage of the working age population in employment in this country will be lower than that in the German Democratic Republic. People are more insecure about their jobs than they used to be.

The pensions crisis is making people worried, which will cause the savings ratio to increase, and consumer demand will not come back. When one examines the

Chancellor's proposals and considers what the Chief Secretary must do in the public spending round, it is clear that public investment is not going to carry on providing all the growth in the economy in future years.

The economy is slowing down markedly and I cannot see any reason why it should bounce back in a hurry. I think that we could be in for several years of lacklustre performance, and I think that we have got there because the Government took too short-term a view and disregarded the warnings when the Chancellor went in for tax and spend. Since 2000, the Chancellor has made the economy ever more dependent on shoving in demand, either by encouraging consumers to borrow too heavily or having the Government spend too highly. Now, the economy will slow down. I have not even touched on global influences such as oil prices and commodity prices, which still have not had their full effect on our growth potential. There will be no quick bounce back.

I have described where I think that we are, so what are my conclusions? The Chancellor has done nothing of significance in the Budget, except to announce small measures and drift on in the manner that he has already proposed. I would like us to seek to achieve so much more. What economic policy now lacks is ambition. It has become fashionable to talk about the challenge from India and China, and one can add to that Brazil and the entirety of south-east Asia. Globalisation is transforming the world in which we are competing, and the pace of technological change has never been faster, so we must be much more competitive than we ever were.

To make our economic growth sustainable, we need to rebalance it. We will need some years in which growth is led not by consumer demand and public spending, but by investment, trade and productivity, and we must do things to encourage that.

Mr. Love: The right hon. and learned Gentleman is discussing business investment, which is one way to rebalance the economy. The conditions for business investment could not be better, because the stock exchange is going up and interest rates are low, yet business investment is not happening. In the Budget judgment, the Chancellor suggests that business investment will increase in the next couple of years, but although all the conditions are right, how can we be sure that that will happen?

Mr. Clarke: The Chancellor says that every year, but the record, as the hon. Gentleman has conceded, is dreadful. Business investment in the fourth quarter of last year was 9.1 per cent. of GDP—the lowest figure recorded in this country since records began in 1965. Our business investment record is very poor, and, as hon. Members have said, people are being deterred from investing in this country by high levels of complicated corporate taxation, by rising levels of regulation and by falling or dull demand in this country. We must address why this country is not producing the necessary level of business investment.

Productivity is another area in which our performance has been dreadful.

Edward Miliband: Will the right hon. and learned Gentleman give way?

Mr. Clarke: If I give way again, I will have no more injury time.

Ever since he was shadow Chancellor, this Chancellor has stressed the need to improve our productivity level, but he has a dreadful record on it. The Red Book includes an extraordinary set of international comparisons, which the hon. Member for Doncaster, North (Edward Miliband), who tried to intervene a moment ago, has unwisely used. I refer him to a very good article in last week's *Financial Times*. The presentation in the Red Book of our productivity record compared with that of the Americans, the Germans and the French is completely bogus, because our record is dreadful. The Red Book uses output per employee, but output per hour is the best measure. Our performance is extremely poor, and it remains miles behind that of the French, the Americans and the Germans, so it is not true that we are closing the gap. Output per hour in this country increased by zero in the year to the third quarter of 2005.

Edward Miliband: One year.

Mr. Clarke: One year—of course! The Red Book uses funny time scales and considers output per man. On all measures of productivity, this country is underperforming.

Edward Miliband *rose—*

Mr. Clarke: I am not going to give way.

Productivity in the public sector has been dropping like a stone as huge sums of money have gone into increased payrolls, huge pay rises, reduced work loads and reduced performance in service after service.

We must consider innovation, because our research and development record is extremely poor. As a proportion of GDP, research and development spending in this country is now down by 3 per cent. compared with 1997, when this Government took over, and the burden of taxation and regulation is constantly referred to.

In policy terms, the Chancellor is contributing nothing to that long-term challenge. He is burned out in his current job, and I just wish his successor luck in trying to do something to put some life into his lacklustre legacy.

Madam Deputy Speaker: Order. The right hon. and learned Gentleman's time is up.

6 pm

Kerry McCarthy (Bristol, East) (Lab): It is slightly daunting to follow a former Chancellor of the Exchequer in a Budget debate. I spent the morning at the Treasury Committee taking evidence from the Governor of the Bank of England. I must say that the Governor's analysis of the current economic outlook bears very little relationship to the scenario just presented by the right hon. and learned Member for Rushcliffe (Mr. Clarke).

I welcome the Budget's focus on the economic performance of cities as a driver of regional economic growth, especially the importance placed by my right

[Kerry McCarthy]

hon. Friends the Chancellor and the Secretary of State for Trade and Industry on science and the creative industries, which are certainly key to the economic prosperity of Bristol and the surrounding city region. Bristol has been designated one of the first six science cities in the UK and the universities are leading the field in several areas of scientific research. The city is also host to many creative entrepreneurs, especially Aardman Productions, which has just brought back its fourth Oscar from Hollywood.

I wish to talk today about the need to raise levels of enterprise and investment in our most deprived areas if we are to raise overall levels of enterprise and productivity. We know that significant amounts of regeneration funding have gone into those areas, but that alone—welcome though it is—will not deliver fundamental and lasting change: creating thriving and successful business sectors in those communities will.

The Government have introduced a range of initiatives over the years, including enterprise areas, business improvement districts, new entrepreneur scholarships, the Phoenix fund and the business incubation fund. I could go on. I was pleased to see continued support in the Budget for measures such as the local enterprise growth initiative. So far, £126 million has gone into deprived areas and a second bidding round will start soon. I hope that one day my constituency will benefit from that.

Government support is not, in itself, enough. We need a long-term transformation in the business environment in poorer communities, and to achieve that the private sector has to play a part. The Budget included a very useful paper entitled "Financial services in London", which I read with great interest. It rightly focused on the City's internationalism—it was sub-titled "Global opportunities and challenges"—which is, after all, the reason for its past pre-eminence and its continued success and prosperity. However, we also need to look at whether UK financial institutions could do more to help regeneration in our poorest areas.

When the Treasury Committee went to the USA recently—a country with higher productivity than the UK and a much stronger enterprise culture—we visited City First bank in Washington DC, which is a community development financial institution, or CDFI, that serves a community that is 87 per cent. black and 9 per cent. Hispanic. The bank is playing a key role at the heart of its community in cultivating a crop of new entrepreneurs and business that are rooted in their communities, bringing new wealth into them.

The bank's clients also include many customers in the not-for-profit sector, who were not well served by major banks, including day-care centres, homeless shelters, sheltered housing operators, churches and charter schools. Those depositors know that by putting their reserves into City First, at a competitive rate, they are also having a positive impact on the local community. The team at City First act not just as bankers, but as business advisers, working with clients on, for example, drawing up cash-flow projections. They nurture their clients, through good times and bad, and they can do so because they are part-funded by mainstream banks. The mainstream banks benefit from the new markets tax credit, and also meet their obligations under the Community Reinvestment Act—I shall return to that later.

There are, of course, significant differences between the UK and the US banking systems, but we can learn lessons from the US. A vibrant CDFI sector in the UK could help to fill the funding gap that is left by a lack of access to mainstream finance and could act as a bridge between deprived communities and the more successful mainstream economies. It could also improve the sustainability of regeneration funding through increased loan financing, as compared to grant funding.

There has already been some analysis of the need for such organisations in the UK. Bristol city council commissioned some research in 2002 that looked at the support available for local business start-ups. In particular, it looked at Barton Hill, an estate in my constituency that is in a ward ranked 133rd on the national index of deprivation. The estate benefits already from £50 million regeneration funding under the new deal for communities scheme, but that alone is not enough to turn round its fortunes.

The study found that there was no lack of agencies providing enterprise support in Bristol. In fact, there was an over-provision of agencies and an under-utilisation of funds. In some cases, the resources were overlapping, or poorly targeted, or the agencies did not fully understand or meet the needs of micro-entrepreneurs. I very much welcome the decision, highlighted by my right hon. Friend the Secretary of State for Trade and Industry today, to cut the number of business support services from 3,000 to 100 by 2010. Streamlining the support will make accessing it much easier for small businesses.

The Bristol study noted that there was a raft of community finance initiatives, such as a loan guarantee scheme provided in partnership with a mainstream financial institution. But application processes were complex, and they had not been drawn together or developed in the context of an integrated strategy. The study also found that barriers to personal finance, such as the lack of a bank account or the absence of any savings or assets, were also significant barriers to entrepreneurship. We know, however, that mainstream financial institutions are increasingly deserting such communities, to the extent that they no longer even provide cashpoint machines, let alone set up branches.

The Bristol study recommended the creation of a broad-based CDFI, which would bring together existing loan funds; encourage closer partnerships with, and between, credit unions; link in advice services, such as the excellent Bristol debt advice centre in my constituency; and bridge the gap between access to personal banking facilities and enterprise finance. A CDFI in Bristol could also, as in the United States, have a role to play in supporting voluntary sector and not-for-profit groups, of which there are many in my constituency, doing immensely valuable work. They all too often struggle to access funding, can secure only short-term funds, or are hit by cash flow problems as they get caught out by the complexities of endless bidding rounds. A community bank could help them negotiate their way through the maze, by providing loan finance, cash-flowing shortfalls and offering business advice and support.

The Government have already taken some important steps to promote the development of CDFIs in the UK. They have established a trade association for CDFIs—the Community Development Finance Association—and the Bridges community development venture fund has invested £20 million in our most deprived areas. Most importantly, the Government have introduced the community investment tax credit, which gives a tax incentive to investors in accredited CDFIs, and requires them to make onward investments. So far, that has enabled CDFIs to raise some £35 million of new capital for onward lending to small businesses and social enterprises in disadvantaged communities. CDFIs have financed more than 9,500 businesses and individuals, sustained more than 85,000 jobs, created more than 10,000 jobs and leveraged another £160 million in additional funds, on top of the £400 million they already have available to lend and invest.

That represents real progress, but there is still a long way to go before the sector is as vibrant and as much a part of the local economy as it is in the USA. There are three possible ways to encourage our financial institutions to do more to lend and invest in disadvantaged areas, and to support the development of CDFIs. The first is to offer a reward or incentive for investment, through measures like the community investment tax credit, which the Government have already done. The second, which was recommended by the social investment task force in 2000 but has not yet been implemented, is to force disclosure by the banks of the extent of their investment in, and provision of services to, disadvantaged communities. Only one bank, Barclays, does that voluntarily, and I suggest that the time has come to encourage—or perhaps do more than encourage—other banks to follow suit. The third and more radical approach would be to adopt the US approach and legislate to require banks to invest in deprived communities. In the USA, under the Community Reinvestment Act of 1977, deposit-taking financial institutions can choose whether to provide banking services directly to under-served communities, or to invest in CDFIs that do, but they have to do one or the other. That activity is monitored by federal regulators, and taken into account when banks are applying for charters, or for approval of bank mergers, acquisitions and branch openings. At the last audit, only 5 per cent. of banks were judged to have failed to comply with their obligations under the CRA, which has led to a huge growth in the CDFI industry and greatly increased access to capital for low-income communities. The bank that we visited in Washington said that without that legislation they would not exist, and neither would the businesses set up for their customers.

I spoke earlier of the company based in the Barton Hill area of my constituency that has just returned from the Oscars. Who knows what other talent is out there that, if cultivated, nurtured and supported, and if given half a chance and helped by financial institutions, would go on to similar success?

In conclusion, I very much welcome the measures proposed by the Chancellor in his Budget, particularly the focus on support for enterprise investment, and I hope that we can build on those measures for years to come.

6.10 pm

Mr. Edward Leigh (Gainsborough) (Con): I hope that the hon. Member for Bristol, East (Kerry McCarthy) will forgive me if I do not follow her remarks, which I am sure were of a very high quality.

I want to deal with a matter that is at the heart of the work that I do in Parliament—efficiency savings. As the parties move closer and closer together ideologically, the debate will increasingly centre on which party can achieve such efficiency savings. The Chancellor claims that through the Gershon review he can save £21 billion. I support that target, which approaches 5 per cent. of Government spending—a worthy aim.

However, there are various problems, the first of which concerns baselines. In our ordinary life, if we are given a utility bill, compare it with last year's and see that we have saved £20 having spent £200, it is clear that we have made a 10 per cent. saving. Unbelievably, in most Government Departments that clear baseline on individual projects is not available. For instance, the National Audit Office found that out of 300 projects that it looked into under the review, 180 had no baseline. How can one make accurate claims if one does not know one's starting point? That is surely the first essential in any walk of life. The situation is not surprising, because although it has been a requirement on local government to have a professionally qualified finance director since 1988, there is no such requirement on Whitehall Departments. As far as I know, no permanent secretary has ever run a project, although they are highly intelligent people.

In the 2005 Budget, the Chancellor claimed that he had already achieved £2 billion-worth of efficiency savings. If one looks in the detail of the Budget report, though, one finds that only £1.2 billion of efficiency savings is listed. So where has the rest gone? The devil is in the detail. To this day, there is still no full NAO access to the Office of Government Commerce breakdown of the £2 billion claim. The NAO has therefore had to conclude that Departments are not sufficiently subject to OGC challenge. The first problem, therefore, is that we do not know the baseline—the starting point—for these efficiency savings.

The second big problem is that of double counting. The vast majority of efficiency savings, which are now the bedrock of successive Budgets, were already under way before the efficiency programme began. In the NAO sample of 20 projects, 17 were initiated before publication of the Gershon review in July 2004. Many efficiency savings are simply added on to existing programmes rather than being new programmes.

The third problem sounds quite technical but is very significant—it is the inclusion of non-cash-releasing schemes. Perhaps the former Chancellor, my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), will understand what I am talking about, but I will try to explain. The £21 billion saving includes non-cashable elements. That is where I would claim, as Chancellor of the Exchequer, that I am putting the same inputs into a particular programme—it may be number of cancer operations—but getting significantly enhanced outputs. That is a non-cashable release. The position is much less clear than with cashable releases. The Gershon review claims that two thirds of the

[Mr. Edward Leigh]

£21 billion saved is based on cashable savings, but the pre-Budget report shows that in fact the figure is only 48 per cent.—so where has the rest gone?

I bring those three problems to the House to try to get a more rigorous discussion of what is now a central element of the Budget debate. Let me turn to why they occur. Unbelievably, the accounts of the Department for Work and Pensions have been qualified by the Comptroller and Auditor General for 16 successive years. An army of 115,000 staff is employed by that one Department, most of whom are not delivering money to the poor but working out entitlements. We are buried in a system that is increasingly based on means-testing, complexity and bureaucracy, and riddled by fraud and error. We now see that the Inland Revenue, which has been the most successful and efficient Government department, is being sucked into this vortex. Previously, it very efficiently took money from the middle classes. It is not expert at delivering money back to poorer people, and its reputation has suffered from it.

The Comptroller and Auditor General already audits Budget assumptions. I propose a much clearer audit trail throughout its forecasts and claims, all of which should be independently validated. I say this to my hon. Friend the shadow Chancellor, although perhaps it is too radical a suggestion: why should not the Opposition parties, when they initiate the equivalent of the James review, offer to have their forecasts and proposed efficiency savings audited by the National Audit Office so that we can have an honest debate? I think that that is an interesting idea—I dreamed it up in my bath last night—and I will suggest it to the Comptroller and Auditor General.

As the hon. Member for Twickenham (Dr. Cable) suggested in his excellent speech, we increasingly have to replace complex, means-tested benefits and tax credits with raising tax thresholds. That is the key, because it can be argued for by compassionate Conservatives who are worried about the fact that as people on lower incomes increase their income, they are paying marginal rates of 60 per cent. tax—far higher than the rich. At the same time, middle class people will work out that as tax thresholds are raised their tax will start to go down. It is a canny thing to do politically—after all, we are politicians—as well as being the right thing to do for the economy and for the poor.

Mr. Charles Walker (Broxbourne) (Con): Does my hon. Friend recognise the huge cost inefficiencies in laundering taxpayers' money back to them? Would not it be simpler if we just raised the tax thresholds at which people start paying tax, and would not that help a huge number of the least-well-off families in our society?

Mr. Leigh: I entirely agree with that sensible proposition, which I hope the Minister has noted.

Helen Goodman: Will the hon. Gentleman give way?

Mr. Leigh: Of course I give way to my fellow member of the Public Accounts Committee—a very effective member and former teenage scribbler in the Treasury, according to Mr. Lawson.

Helen Goodman: I am most grateful to the hon. Gentleman. I do not think that he was paying attention to the Budget speech last week when the Chancellor said:

"One option would be to raise that personal tax allowance further. But spending £500 million on a family tax cut in this way would give a two-child family on median earnings . . . £22 a year more, or 40p a week. However, using the same resources to raise the child tax credit will give that same family a tax cut worth £140 a year more, over six times as much".—[*Official Report*, 22 March 2006; Vol. 444, c. 295.]

Can the hon. Gentleman explain how his proposal would be in line with compassionate Conservatism?

Mr. Leigh: I just tried to explain it. We can argue back and forth about statistics, but I shall not do that. I simply make the perfectly good point that, in every Budget, tax thresholds should relate to the real world where there is growth and inflation. In a fair Budget, tax thresholds should do that, leaving aside the debate on tax credits.

If we are to have an honest debate and achieve the £21 billion of savings, which is achievable—after all, the private sector regularly makes 5 per cent. efficiency savings—on what could we spend the money? The number of people who pay inheritance tax is rising rapidly. This year, 37,000 people were paying it, whereas in 1996–97, the figure was15,000. The amount paid has doubled since 1997, from £1.6 billion to £2.9 billion. If one is spending £550 billion, one can address that tax. I hope that my hon. Friends on the shadow Treasury Bench will view the matter as a priority. It has a massive impact on behaviour and is not good for the way in which families plan inheritance. It often causes disputes, it raises only £2.9 billion and it should be a priority for a future Government.

We could increase efficiency in so many ways. For example, the Chancellor makes a great song and dance about spending £7.5 billion or more on the skills learning sector. The private sector already spends £20 billion because it reckons that too much public sector investment is academically based and not based on what is useful to business.

A sea change in public opinion may be occurring. New Labour's success was its realisation that it needed to marry its belief in social justice with economic efficiency. That was the headline claim. However, buried in that message was a clear realisation that, however compassionate one wants to be, one cannot win elections in this country if one hammers middle class people. I am afraid that, increasingly, middle class people, who are faced with the largest tax burden ever, are beginning to wake up to the fact that they are being hammered. The inheritance tax that I mentioned increasingly bites into ordinary middle class homes.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will the hon. Gentleman give way?

Mr. Leigh: I am afraid that I cannot because I have had my two strikes. It is a ridiculous way to run such debates but I cannot give way now.

Middle class families pay a ridiculous amount for care homes. The amount of public money spent in Scotland is far more generous. We subsidise that. The average cost of a care home for an elderly relative is

approximately £800 a week. People are forced to sell their homes to pay for that and we should examine the matter because it increasingly causes resentment, especially when people realise that there are more generous arrangements in other parts of the United Kingdom. There is, therefore, a sea change in public opinion.

I welcome aspects of the Education and Inspections Bill and some parts of the Prime Minister's objectives as he shepherds a reluctant party into the 21st century, because the only way forward should be based on choice and competition. One cannot achieve one's aims simply by setting new targets and more central direction. In 1999, there were 24,000 managers in the NHS. In 2004, there were 37,000—an increase of 55 per cent. We have reached the limit of what we can achieve through central targeting and Government diktat. In health, funding, directed by the GP, should follow the patient into any hospital in the private and public sector. In education, funding should follow the pupil into any school in the public and private sector. That is my personal view and not yet the view of my hon. Friends on the Opposition Front Bench but I seek to persuade them and I will not waver from that.

In the next 12 months, as my party conducts its policy review, it must provide a careful and rigorous explanation of how it will achieve efficiency savings. It must identify one or two matters, such as inheritance tax, about which there are obvious anomalies. It must base its approach on what the right hon. Member for Darlington (Mr. Milburn) described as an asset-owning democracy. He has left his place, but that aspect of his speech was wonderful. Why do we believe in an asset-owning and property-owning democracy—the great crusade of the 1950s—if we do not apply that to health, education and pensions? The challenge that faces my party is devising realistic policies to achieve that asset-owning democracy.

6.24 pm

Edward Miliband (Doncaster, North) (Lab): It is a great privilege to follow the hon. Member for Gainsborough (Mr. Leigh), who had interesting advice for the Labour party and Conservative Front Benchers. I am not sure whether we or the shadow Chancellor enjoyed it more.

David Taylor: I am keen to make the point that I would have made if the hon. Member for Gainsborough (Mr. Leigh) had given way to me. Did my hon. Friend detect some contradiction between two closely linked remarks? The hon. Gentleman said that inheritance tax raised a small or tiny amount of money but also described it as a swingeing imposition on the middle class. It cannot be both.

Edward Miliband: I agree with my hon. Friend about the contradiction and thank him for the extra time.

It is a privilege to speak in the Budget debate. I watched many Budget debates before I became a Member of Parliament, and it is a privilege to speak in the same debate as the right hon. and learned Member for Rushcliffe (Mr. Clarke), the former Chancellor. I may not agree with everything that he said but he spoke with great authority and expertise.

The Budget comes at the same stage of the political cycle—when the Government are nine years into office and the Opposition are, I hope, destined to lose another two general elections—as the 1988 Budget delivered by Lord Lawson. I believe that this year's Budget avoids the macro-economic mistakes of Lord Lawson's 1988 Budget, and we can draw an interesting contrast between them.

The 1988 Budget was based on three underlying assumptions: tax cuts were the best route to economic success; poverty, which was not even mentioned, could be solved by economic growth—the rising tide would lift all boats—and neglect of the public realm was an inevitable price that would have to be paid for private affluence.

In place of those assumptions, the 2006 Budget proposes three alternatives. First, public investment is not a drain on the good economy but a pre-condition of it. Secondly, Government have a specific responsibility to use the proceeds of growth to tackle poverty and not simply let the distribution of wealth and income fall where it may. Thirdly, public splendour, not public squalor should be the counterpart of private affluence in the fourth richest country in the world.

Mr. Stewart Jackson: Will the hon. Gentleman give way?

Edward Miliband: I shall give way later, but I want to make some progress first.

I want to say a little about each premise. First, there is a genuinely interesting argument about the right response to globalisation and the balance between tax cuts and public investment. The question is simple: should it be a rule of economic policy that public spending must fall as a proportion of national income to provide room for a falling tax burden? The Budget, with its emphasis on the Chancellor's long-term ambition for education, rejects that premise because Labour Members believe that the right sort of public spending can contribute to economic growth and will not hinder it.

To put the problem in the context of today's global economy, there is what might be called a "race to the bottom" model of economic development, whereby we should try to cut taxes as much as we can to be competitive. The problem with that model is that it cannot answer some basic questions about our country and our economy. For example, business makes representations about transport investment at every Budget. A skilled work force—not only in higher education and schools but level 2 and 3 work force skills—is important, and I welcome the extra money for schools in the Budget. The science base is an essential driver of innovation and enterprise. Again, I welcome the extra resources for science teaching in the Budget. The right policies for welfare to work, as well as child care and parental leave, are vital. I believe that there is now cross-party consensus that the good economy must be about gender equality, too, and that those policies are important.

Mr. Jackson: Will the hon. Gentleman give way?

Edward Miliband: I will give way later, but I want to make some progress first.

[Edward Miliband]

We do not need to gaze into a crystal ball to see the effects of saying that public spending must fall as a proportion of national income, because that is precisely what we saw in the late 1980s and early 1990s, including under the stewardship of the right hon. and learned Member for Rushcliffe. By 1996–97, net public investment was just 0.7 per cent. of gross domestic product—£6.9 billion at today's prices, compared with the £27.5 billion proposed for next year. That is the lesson of British economic history. It is public investment that gets cut when a squeeze in public spending happens, because that is where the easy and less noticeable cuts can be made. We end up paying for that in our economy, which will do badly in public infrastructure and basic education, as ours has done for many years. It is completely unclear to me how a small country such as ours—as opposed to the United States—can compete on that basis. That is why the right kind of public investment must be at the heart of our remaining competitive in the years ahead.

Mr. Jackson: The debate seems to be coalescing around how we can achieve social justice. As we are getting into a history lesson, has the hon. Gentleman ever pondered the fact that his party voted against the greatest transfers of capital to working people in modern times, namely privatisation and the sale of council houses? Has he ever thought that one through?

Edward Miliband: I personally think that that was a mistake, yes, although there was a legitimate issue about the replacement of council and social housing stock, and it remains an issue today.

The second premise set out in my right hon. Friend's Budget was that poverty will not be solved simply by economic growth, and that it needs specific action. Given the increasing returns to skills and qualifications, the global economy has tendencies towards greater inequality. Our choice is either to accept this or to take action. The child poverty figures got a lot of publicity a couple of weeks ago because the Government missed their target of taking 1 million children out of poverty. That is true and it is a matter of regret. It is why we must do more. That is why I welcome the new measures announced in the Budget last week, including the decision to index the child tax credit to earnings.

I appeal for candour, particularly to the shadow Chancellor when he winds up the debate, if we are genuinely to tackle child poverty. The only reason why we have achieved what we have is because, in Budget after Budget, my right hon. Friend has taken specific measures to tackle child poverty. How do I know that? Because the figures show that by relying solely on the proceeds of economic growth and without his measures on tax credits, the number of children in poverty would have gone up by 1.5 million. Instead, as a result of the measures that we have taken, the figure has gone down by 700,000. Child poverty is at it lowest point for nearly 20 years. But hon. Members need not take my word for that. In a recent document published after the latest figures came out, the Institute for Fiscal Studies concluded:

"Child poverty has now fallen in every year since 1998/99, which is the longest period of sustained falls in child poverty since consistent data on relative poverty rate started to be available [in 1961]".

That is, it is the most sustained fall in child poverty for 45 years. But where are the Opposition on all this?

Greg Clark (Tunbridge Wells) (Con): I commend the hon. Gentleman on his very thoughtful speech, but is he aware that that same report from the IFS makes it clear that, on the Government's present spending plans, they will not only miss their child poverty targets but slip even further behind them? So why has the Chancellor not committed more resources, if this is so central to his ambitions?

Edward Miliband: If the hon. Gentleman is saying that we should make it a priority to put money into tackling child poverty as resources become available in the years ahead, I completely agree with him, and I am sure that the shadow Chancellor will have heard his representations.

But where are the Opposition on this issue? The policy chief of the Conservative party, the right hon. Member for West Dorset (Mr. Letwin), gave a surprising interview to *The Daily Telegraph* on 23 December—it positively interrupted my pre-Christmas present buying—in which he said:

"Of course inequality matters. Of course it should be an aim to narrow the gap between rich and poor".

He went on:

"It's more than a matter of safety nets ... We should redistribute money."

So presumably the Conservatives support the measures that we have taken. In fact, the shadow Chancellor has never, to my knowledge, said anything positive about tax credits. Indeed, he has spent most of his time saying we should cut tax credits. Of course, tax credits alone will not solve the problem. Active labour market policies, Sure Start and greater educational opportunities matter as well. It is fine to have a policy review, as the Conservatives are doing, but I do not see how anyone who genuinely cares about poverty can say in advance—before their policy review concludes—that public spending must fall as a share of national income. How can they make that decision before the conclusion of their policy review, if they care about poverty?

Finally, I want to talk about how we can match growing private affluence with a strong public realm. In 1958, in "The Affluent Society", J.K. Galbraith wrote about the coexistence of private affluence with public squalor. It surely must be an aim of one of the richest countries in the world to show that this is not inevitable, and to create a public realm of which we can be proud.

The figures on schools investment given last week by my right hon. Friend the Chancellor are striking in that regard. Capital investment in schools was about £600 million in 1996–97, when the right hon. and learned Member for Rushcliffe was Chancellor; it has risen to £6 billion today, and it will rise to £8 billion by 2010–11. Let us be honest: that £600 million was nowhere near what was required to prevent the condition of our schools from getting worse, let alone to improve them. I believe that we can see the difference that higher capital spending is making in all our constituencies.

This Budget opens important new fronts in the Government's mission to rebuild the public realm. For example, I care a lot about the long-neglected issue of

youth spaces, youth clubs and youth institutions. We will never succeed in our campaign for respect among young people unless we give them decent spaces to which they can go. That is why I very much welcome the plan for a 10-year strategy for youth services. Of course that strategy must involve the voluntary sector—something that the Conservatives care a lot about these days. It must also reform the youth service, and draw in resources from the private sector. However, it is simply folly to pretend that these services can be built without public investment. I give the Opposition credit for saying that they care about these issues, but I say in all honesty that if they will the ends, they must also will the means.

Is not the Conservatives' problem that, in 2006, their heads tell them that the philosophy of the Lawson Budget of 1988 is no longer what the public want, and that they must bury it, while their hearts tells them that they must not? Fifteen years after Margaret Thatcher went, they still do not know whether to bury Thatcherism or to praise it. These are the contradictions that we now see exposed in their response to the Budget.

There are big questions to be answered about the condition of our country, about the challenges of globalisation, and about how to tackle poverty and strike the right balance between tax and spending. They are difficult questions, but last week my right hon. Friend set out a clear and principled course, and Labour Members can look forward to the arguments in the months and years ahead.

6.37 pm

Sir George Young (North-West Hampshire) (Con): It is a pleasure to follow the hon. Member for Doncaster, North (Edward Miliband), who made a thoughtful speech emphasising the steps being taken to alleviate child poverty. He took us back to the Lawson Budget. I remember that Budget: the top rate of income tax was reduced to 40 per cent., and I think that I am right in saying that there was some movement in the House when that announcement was made. If anyone had said at the time that, nine years into a Labour Government, the top rate of tax would remain at the level fixed by Nigel Lawson, nobody would have believed them.

By committing themselves not to change the standard rate—or, indeed, the top rate—of tax, the Labour Government have got into tremendous difficulties. They have increased expenditure but, instead of raising taxes to meet that expenditure in a fair way, they have put increasing emphasis on taxes that are either regressive—such as the council tax—or difficult to collect, or that have damaged our international competitiveness. I believe that there are many hon. Members sitting alongside the hon. Member for Doncaster, North who would have preferred an honest Labour approach of funding increases in public expenditure by increasing personal taxation, which is a progressive, open, honest and cheap way of funding a Labour programme.

Greg Clark: Did my right hon. Friend notice that, in recalling the Lawson Budget, the hon. Member for Doncaster, North (Edward Miliband) made no reference to another of Nigel Lawson's principles, namely tax simplification? It was his ambition to abolish a tax in every Budget, but the ambition of the present Chancellor seems to be to add a new tax at every Budget. Does my right hon. Friend agree that that is the wrong direction to take?

Sir George Young: Yes, indeed. There is one minor modification, which I shall come to in a moment, involving a tax that the Chancellor introduced relatively recently and has just abolished in haste.

I agree with those who say that if one considers the conventional economic indicators—growth, inflation, numbers of unemployed—one gets the impression of a benign economy. But I also agree with those like my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) and the hon. Member for Twickenham (Dr. Cable), who say that if one looks behind that, there are some worrying signs. For example, much of the current growth is funded by either private borrowing or high public spending, neither of which is sustainable in the longer term. One would have hoped for measures in the Budget to replace those engines of growth with other more sustainable ones, promoting an export-led recovery, private sector investment and an increase in private disposable incomes through productivity. When the hon. Member for Twickenham spoke about an adjustment in a few years' time, when the current engines of growth prove to be unsustainable, he put his finger on one of the more worrying long-term trends in the economy, which, in my view, the Budget did not address adequately.

I agree with the comment of my hon. Friend the Member for Rutland and Melton (Mr. Duncan) that if one wants to understand the overall impact of the Budget, the best thing to do is not to listen to it but to read the economic press about two days later, which gives a much better picture of what is going on. Any Chancellor must make a balanced decision between two imperatives: on the one hand, a pulverising if partial interpretation of the Budget to satisfy the audience in the Chamber, and on the other, a calmer more balanced interpretation from the wider world. We have moved too far towards the former. The selective presentation in Budget speeches is one contributory cause of the public's growing cynicism towards politicians, about which we are all concerned.

Yesterday, that point was well made to the Treasury Committee by Robert Chote of the Institute for Fiscal Studies. He rightly identified 45 policy decisions listed in the Red Book on pages 188 and 189. Seventeen of those were listed in the Chancellor's speech. Those 17 total £553 million, either in spending increases or tax reductions—good news. Twenty-eight, however, were either not mentioned or mentioned in passing, and those, totalling £780 million, were the bad news. I want to return to one or two things that the Chancellor did not mention.

When my hon. Friend the Member for Tatton (Mr. Osborne) winds up, I hope that he will say that my party will vote against resolution 26 on income tax and computer equipment, which withdraws the tax allowance to encourage employees to work from home. In the Red Book, that change appears under "modernising the tax system". I am not sure why it appears in that category. If one wanted a justification of the accusation that the Chancellor was an analogue politician in a digital age, the withdrawal of that form of relief would be it. The relief was introduced only three

[Sir George Young]

years ago by the Chancellor, and it hits a number of buttons. It promotes a better work-life balance, reduces the need to commute and travel into the office, and promotes a wider understanding of IT through having more equipment in the home. I cannot understand why, at two weeks' notice, against a background of the Department of Trade and Industry promoting the scheme on its website, it is suddenly to be withdrawn. I hope that there might be second thoughts, and perhaps a postponement of the scheme for two years to allow the benefit to filter through.

I want to focus on one of the items not mentioned by the Chancellor in his speech—the cancellation of the pensioner council tax rebate. That has saved the Government £1 billion, but one will not find that figure in the Chancellor's speech or the Red Book. In the section, "Fairness for Pensioners", I read:

"The Government is committed to tackling pensioner poverty and rewarding saving, and to enabling people to meet their retirement income aspirations in an ageing society."

There is no mention of the cancellation of the rebate in that section, but it does mention the continuation of the winter fuel payments, which are of roughly the same value, and highlights free bus travel. I find it amazing that the Budget decision that perhaps has the greatest impact on the highest number of people was mentioned neither in the Budget speech nor in the Red Book. It seemed to me that the withdrawal of £200 from every pensioner household not on benefit might be worth just a passing reference under "Budget measures and their impact on households", on page 11 of the Red Book, but it is not there. It is glossed over in paragraph 1.36, which looks back to 1997 to give a slightly different perspective of what has happened to pensioners, in contrast to an earlier paragraph on families with children, which compares the position this year as against the previous year.

What has happened since last year for the Government to change their view on the pensioner rebate? In the pre-Budget report before the last election, the Chancellor said:

"A society is judged by its generosity to its children and the elderly, who have served the community all their lives."

He went on to say:

"This Pre-Budget Report therefore announces that, in addition to these existing measures"—

the winter fuel payments—

"the Government will make a payment of £50 to households with someone over age 70 in 2005."

In the 2005 Budget, however, he increased that sum. On 16 March 2005, he said:

"In 1997, there was no winter fuel allowance. This autumn, we will again pay a £200 winter fuel allowance for pensioners—£300 for the over-80s. In the pre-Budget report, I announced a £50 council tax refund. Today, with the resources now available, I can announce that we will pay to every pensioner household, 65 and over, paying council tax, a refund not of £50 but a council tax refund of £200—a measure that is fairer and worth more to more pensioners than all other proposed schemes."—[*Official Report*, 16 March 2005; Vol. 432, c. 269.]

The Budget 2005 Red Book made it absolutely clear that that was to help with the council tax:

"The Government understands the position of older people on fixed incomes facing pressures such as council tax bills."

The Chancellor went on to announce the additional item.

Last year, council tax had increased by £525 since 1997, when the Government took office. Against that background, it was worth introducing additional help of £200. This year, the council tax has increased by £579 since 1997, but that extra help is suddenly no longer available. The Government boast that the average council tax has gone up by £54, but not if one is a pensioner—for a pensioner, it has gone up by £254. That wipes out the increase in the state retirement pension for a large number of people. People wonder why there is any cynicism in politics. The most cynical decision that the Government have taken is to spend £800 million last year, just before a general election, on a £200 pensioner rebate, and a year later, when the council tax is even higher, to withdraw it and not even announce it in the Budget and the Red Book.

Will the Chief Secretary answer two questions? First, when the Deputy Prime Minister agreed with the Chancellor the sum for block grant for local authorities last December, did the Chancellor tell the Deputy Prime Minister that he planned to withdraw the £200 rebate and therefore make the presentation of the council tax even more difficult? Secondly, was it not the case that, if the council tax was about to be replaced, the Treasury might have been able to afford the rebate for another year or two? It has now realised that the council tax will not be replaced, probably for the lifetime of this Parliament, and for that reason has decided that it simply cannot afford to carry on with the £800 million or £1 billion cost of the scheme.

When the Chancellor gives his next Budget—I think that he will give another one—I hope that it will include a measure to deal with the issue that I have talked about, and to deal with the more strategic issue of what will replace the council tax in the longer term, and how we will come up with a fairer system of funding local government.

6.49 pm

Mr. Michael Meacher (Oldham, West and Royton) (Lab): The main Opposition speech today came not from their Front Bench but from the former Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke). He was at his most recklessly expansive, making Cassandra-like prophecies of doom. Many of his comments, however, were a bit rich coming from him. He said that the reduction in the growth of spending in future had not been made clear. In fact, it has been announced repeatedly that, after 2008, there will be a slowdown in the growth of spending after an unprecedented surge of spending over many years. He talked of fiscal drag, but fiscal drag has been used by all Chancellors, not least the right hon. and learned Gentleman.

The right hon. and learned Gentleman said that spending Departments would have to make significant cuts in future years without knowing where the money would come from, but efficiency savings were imposed year after year after year by Tory Governments without Departments having any idea of where the savings were to be made. He referred to low growth of 1.8 per cent. What he did not say, of course, is that that follows an unprecedented and unbroken run of high growth for

eight years previously. He made several comparisons with 1992, saying that the level of this or that was lower than it had been then. I remind the House that 1992 is a very significant date: during that year, the Tory Government was unceremoniously pitched out of the exchange rate mechanism.

The right hon. and learned Gentleman said that he did not know how the economy would bounce back. None of us can know, but we have heard the same thing time and again, and on each occasion the pessimism has turned out to be unjustified.

After all that rumbustious, knockabout criticism, which I suppose we are meant to enjoy, the only remedy that the right hon. and learned Gentleman could come up with was his proposition that we did indeed need improvements in productivity and investment. Of course we all agree on that, but it is exactly what this Government have been doing for years, not least in the Budget.

Let me now turn to a slightly more sober assessment of the Budget—

Mr. Kenneth Clarke: Of course there are years in which growth in spending must be constrained below the growth of the economy, and the beginning of the 14 years of growth that we have enjoyed was accompanied by a long period of that kind, for which I was responsible. What I do not understand is why the Government put that in the Red Book and then deny that it is what they are doing, and why they attack the Conservative party vigorously every time we suggest that there is an urgent need to restrain the growth of public spending, as if we were doing horrendous damage to public services. The Chancellor is actually preparing to reduce growth in public spending below the likely rate of growth in GDP for several years following 2008, to remedy the problems that he has got into and the damage that has been done to the public finances since 2000.

Mr. Meacher: We should certainly see what happens after 2008, but I do not think that we need any lessons from the Tory party about the level of public expenditure. If the right hon. and learned Gentleman could give the Government credit for achieving a much higher run of public expenditure over many years than we have had [illegible] his prophecies of doom might carry rather more c[illegible].

The Budget c[illegible] many excellent provisions, not least on education, [illegible] surprisingly, one foundation of our national prosperity was not much mentioned. I refer to the state of our manufacturing industry. Prominent attention was given to knowledge-based services, but they account for only a fraction of total export earnings—less than a third of the earnings from the export of manufactured goods. They pay for only a quarter of the expenditure on manufactured goods that we want to buy. Yet our manufacturing base, which is the lifeblood of the country, is in long-term decline, and that continues. Output continues to fall and we are losing 100,000 jobs a year, without any prospect that the services sector will ever be large enough to compensate for the weakness of manufacturing. The facts are stark, and not just one Government are responsible. The position dates back over many decades. The share of manufacturing in total UK output has almost halved since 1979.

That is serious enough, but in recent years it has been accelerating. In 1970, fewer than 10 per cent. of manufactured goods sold in the UK were imported; now the proportion is 60 per cent. Whereas in other developed countries manufacturing output has been growing—although, admittedly, less than the services sector—the key point is that in Britain there has been not just a relative but an absolute fall in manufacturing in recent years. I do not think it an exaggeration to say that if those trends continued, manufacturing in Britain could almost face extinction within 30 years or so.

I am well aware that the decline in manufacturing jobs is seen in some circles as a sign of healthy efficiency rather than failure. Despite the avalanche of Chinese-made goods that is hitting western shops, the free trade lobby draws attention to the continuing expansion of manufacturing output in most developed countries. It recognises that jobs have been lost, but claims that that is because workers are replaced by new technology to boost productivity, while labour-intensive sectors such as the textile sector have given way to higher-tech ones such as IT and pharmaceuticals. Low-skilled jobs, they say, have moved offshore, while higher-value-added research and development, design and marketing have prospered at home.

There are several things wrong with that argument. First, China and India are not dominant merely in low-tech sectors. They are turning out a third of a million new engineers each year, and are rapidly entering high-tech and service areas such as design, software and digital technologies. Moving upstream—the current conventional wisdom—will not escape Asian competition at cut-price rates.

Secondly, where new jobs have been created in Britain over the past decade they have been largely low-paid, low-skilled and often part-time jobs in retail, catering, entertainment and care services.

Thirdly, there is a regional mismatch. Manufacturing jobs have been lost largely in the north, while the expansion of business and financial services has been skewed to the south. There is a danger that continuing manufacturing losses, combined with the lack of any effective regional industrial strategy—which we have seen in this country for about 30 years—will leave large swathes of the country outside the south and the south-east increasingly denuded of highly paid and attractive jobs.

It is also worrying that Britain has been hit harder than other developed economies. After the oil shock of 1973, US manufacturing output has grown by about 120 per cent. Ours has grown by 15 per cent. US companies now achieve more than twice the production level since then with the same number of workers, while British companies produce about the same as they did before with almost half as many workers. Productivity here has been almost exclusively at the expense of labour-shedding, and I think that that is perhaps the biggest failing of the British economy over the past quarter of a century.

How can that endemic failure be addressed, and how can de-industrialisation be halted, as I believe it must be? I think that the Government were absolutely right to identify the key problem as the well-documented gap between the productivity of the UK and that of its major competitors such as France, Germany and the United

[Mr. Meacher]

States. They have genuinely tried to raise Britain's traditionally low levels of skill, investment, research and development and innovation. Statistics show that over the past quarter of a century the UK seems to have closed the skills gap between us and the US, but there is still a significant skills gap between us and European countries such as France and Germany. Interestingly, in higher skills—at university levels—we just about match those countries, but we are still far behind when it comes to intermediate skills, by which I mean technical qualifications such as higher national diplomas. Many experts say that those represent the hinges of economic performance, and I think that they require more attention.

Another area of chronic UK weakness that still remains is investment. Despite all the Government's efforts—they have put in a great deal of effort—Britain has performed significantly worse than all its main competitors in terms of capital investment per worker hour. A recent cross-national study found that German, French, US and Japanese levels were no less than one third to two thirds higher than the UK level. That is a massive gap.

I accept that the UK record has strengthened markedly in the last decade. The quality of capital has also improved, which is important, and the impressive growth in information and communications technology investment has begun to have an impact on output growth. However, getting UK plc to invest adequately is still a big problem.

Britain also continues to lag badly in R and D expenditure. Again, many studies have shown that such expenditure contributes significantly to productivity growth. Despite the Government's welcome and substantial encouragement of business R and D, not least in the Budget, Britain still spends far less of its GDP on R and D—as much as 45 per cent. less than Japan and the US. Moreover, it is a serious weakness that British R and D, such as it is, has been much too heavily concentrated on two industries—defence and pharmaceuticals—instead of being cascaded across industrial sectors, where technological capability is now more important than price competitiveness.

Another factor is almost wholly ignored, which the Government should take on board. As the London McKinsey strategy consultancy recently commented, many UK manufacturers fail to implement management methods, including involving shop-floor workers in improving production, that rivals abroad have recognised produce results and have therefore taken on. Improving people management and working practices should be central to the Government agenda, rather than being treated as subsidiary to investment, innovation, skills and competitive labour and product markets.

Another worrying point is particularly disturbing at present: Britain's current manufacturing weakness, combined with the Government's neo-liberal ideology, has exposed some of Britain's most prized industrial assets—P&O, BAA, Standard Chartered Bank, Centrica, BOC and Pilkington—to foreign takeover. There is absolutely nothing wrong with the occasional foreign takeover, but industrial jewels such as those have been auctioned off—thus gaining, in effect, subcontractor status—to pay off very large deficits. Losses of that scale at the highest reaches of industry need to be stemmed if Britain's overall national manufacturing capability is not to be irredeemably mortgaged beyond democratic control.

Above all, if we think that market forces are paramount, let us look at the US. The US record has been built on not only unalloyed market forces, but on heavy R and D expenditure, channelled through the universities; on military Keynesianism; on Government procurement, as a protagonist for US industry; on a resort to protectionism, where foreign pressures become too great; and on a low dollar exchange rate to assist exports. If that is market ideology, we need more of it here.

7.2 pm

Adam Price (Carmarthen, East and Dinefwr) (PC): It is always a pleasure to follow the right hon. Member for Oldham, West and Royton (Mr. Meacher) and to hear in his speech echoes of what, in my youth, we used to call the alternative economic strategy, which is much needed even today.

I was struck by something said by the right hon. and learned Member for Rushcliffe (Mr. Clarke). Of course, it is true that economic policy has become slightly boring under this Government, although that could be to the Chancellor's credit. Balance of payments crises were enlivening, but that was of little cheer to the people who suffered as a result. Not even the Chancellor, with his considerable reserves of self-belief, would argue that he has abolished the business cycle. Crises may not be as cyclical as they were under previous Governments, but they are structural, sectoral and spatial.

I want to talk about the pensions crisis, future and present, the manufacturing crisis, past and present—it may not have much of a future, as the right hon. Gentleman has argued—and the energy crisis that is looming on the horizon. I also want to talk about the north-south divide, which can hardly be called a crisis because it has been with us so long. Certainly, in Wales, we can trace it as far back as the collapse in coal prices in 1924. Despite its long pedigree, it is no less serious, and it has worsened under the Government's charge.

Let me take pensions first. I am not referring to the looming deficit in the public sector pensions, which is obviously very much in the forefront of our minds today; I am talking particularly about the problem of deficits in the corporate sector that have clearly caused 85,000 workers to lose their pensions over the past few years. Sadly, they have not been recompensed in full by the Government. There is a huge problem with pension liabilities in the private sector, and more and more companies are being pushed into bankruptcy, which is causing massive job losses. As a result, companies are increasingly diverting some of the money that would have been available for capital investment—we have heard about the downward pressure on business investment—to their pension schemes because of those liabilities.

A large part of the problem is of the Government's making—it is within their control—and I am talking about gilt yields, which have reached absurdly low levels under this Government. Of course, the lower the yield with gilts, the bigger the pension fund deficit. Long-term

index-linked bond yields are now at 0.75 per cent. Although that is ridiculously low, it is, of course, very good news for the Government's Debt Management Office, but bad news for virtually everyone else: bad news for pensioners and for the companies that are facing huge problems.

Of course, the Government argue that there is no clear evidence that increased pension contributions have significantly affected business investment in aggregate, according to the Budget statement. They argue that there is record profitability in the corporate sector, so it should have the resources even to cope with those higher demands. The problem is that profitability is uneven in the corporate sector. Many of the companies, particularly in the manufacturing sector, that have final salary schemes and are therefore coming under the greatest pressure do not have the profitability that is evident in, for example, the banking sector. That argument simply does not hold.

The reasons for the problems with gilt yields relate to the fact that the Financial Services Authority has changed the rules on solvency for insurers, forcing them to hold more gilts, as a result of its interpretation of the bear market, and particularly to the introduction of the Pension Protection Fund, which, given the risk-based levy, is creating a huge incentive for pension funds to take on more long-term bonds, which are lower earning but lower risk. As a result, we have the bizarre position that the pensions industry is driving up the price of gilts, thus leading to lower yields.

Of course, the pensions industry will suffer more than any other because of falling yields. We have a vicious cycle. The Government are not issuing enough bonds. Promises were made. The industry was expecting £70 billion in extra bonds, but got only £63 billion. The analysis of most independent observers is that there is a structural deficit of long-term bonds running into hundreds of billions of pounds, given the need of pension funds to take on Government securities.

There is an insatiable demand, which will drive down gilt yields even further—thus driving more companies out of business, causing more pension fund deficits and possibly overloading the Pension Protection Fund, behind which the Government have so far refused to stand in the event of a major crisis. I hope that the Chancellor is not doing that because it is a source of long-term cheap finance. That would be an incredibility short-term policy, especially as the current position is not sustainable.

The manufacturing position has been well outlined by the right hon. Gentleman, and I need not support his comments further. We have experienced a serious fall in the growth of business investment, as well as in spending on R and D. The Government have said that one of the key long-term determinants of productivity growth is the amount of capital investment per worker. As has been argued, there has been a sustained, long-term failure on the part of the UK business sector to invest capital. I was interested to hear in the Budget statement the figures on business investment, which now include private finance initiative capital investment. Previously, expenditure on the health and education infrastructure would have been included under Government investment; now, it is included under business investment. If one removes that element from the figures, it is clear that business investment growth is even worse. We need to be absolutely clear that the £10 billion extra that is being included next year will distort the business investment figures.

In addition to problems with manufacturing and the poor record on business investment, the transport infrastructure is very poor. Incredibly, this week's official figures show that on average—I do not exaggerate—roads in Wales are resurfaced every 97 years. That is incredible. I can think of no other country in western Europe, let alone one in eastern Europe, that is in such a position. Moreover, there is the ongoing tale of UK workers with very low skills levels, problems with basic literacy and numeracy, and the problem of rising energy costs.

All of that feeds into the growing north-south divide. The hon. Member for Bristol, East (Kerry McCarthy) referred to the Government study on English cities, published at the time of the Budget, which itself pointed out that the "industrial powerhouses" of the past—Liverpool, Sheffield, Newcastle—have found that

"the transition to a knowledge-led service-based economy has not been easy".

That is an understatement, if ever there was one. The report goes on to show that the problem is the "over-dominance of London" in the UK economy. We have been making that point ad nauseam for many years. Cambridge Econometrics' figures, published this week, show that the situation is getting worse under this Government. According to its report, growth in the past nine years has been slowest in Scotland and in the north of England, where gross domestic product rose by 6 per cent., rather than by the UK average of 24 per cent., over the same period. That is a huge divergence in economic performance. It is only because of the downturn in the London financial services sector in the past three years that the divergence has not worsened.

So what do we get? Because of recent problems with London's financial services sector, we get a report on the problems of London's financial services sector. Where was Government leadership on the problems of the manufacturing-based economies of the west and the north of these islands? We in Wales have experienced a net loss of 72,000 manufacturing jobs since this Labour Government took office. Indeed, under their policies there has been a net loss of 7,000 manufacturing jobs in the past year alone. They should not be sanguine about unemployment. Unemployment in Wales is rising twice as fast as in the rest of the UK—a pattern that we will begin to see in all the regions in which manufacturing is still the economic base. Of course, the intermediate business services that serve that sector are also vital to our economies.

Under this Labour Government, there are even 11 UK localities that have seen a real-terms decrease in gross value added per person. That is incredible: 11 localities are actually going backwards in real terms under a supposedly socialist, redistributionist Government. Four of the five localities at the bottom of that list are in Scotland and Wales. The stark message is that we will have less of the policy-based evidence-making that we have seen too much of under this Government. The UK's regional, local and national economies have become more divergent, more quickly, than even under the Government of Mrs. Thatcher.

7.14 pm

Mr. Iain Wright (Hartlepool) (Lab): It is a pleasure to follow the hon. Member for Carmarthen, East and Dinefwr (Adam Price), whose technical expertise in these matters is obviously very great. I want also to pay tribute to the speech from my hon. Friend the Member for Doncaster, North (Edward Miliband), who unfortunately is no longer in his place. He took us back to the year 1988, which I remember very well. That year, I did my GCSEs, left school and met my future wife—so it was not all good.

I want to concentrate on how the broad macro-economic factors mentioned in the Budget will impact on my region of the north-east. With that in mind, I was particularly pleased that my right hon. Friend the Member for Darlington (Mr. Milburn) contributed to this debate, and I believe that my hon. Friend the Member for Bishop Auckland (Helen Goodman) is also hoping to catch your eye, Mr. Deputy Speaker.

I warmly welcome the Budget's emphasis on addressing the drivers of productivity: improving competition, promoting enterprise, supporting science and innovation, raising skills levels and encouraging investment. Addressing these issues is a prime concern in my region. We in the north-east have reason to be optimistic, and given that it is my right hon. Friend the Chancellor's 10th Budget, it may be worth pointing out that in the past 10 years we have seen a 10 per cent. increase in the number of jobs in the region. The number of business start-ups is increasing and more young businesses are surviving—at a better rate, in fact, than in any other region. However, we need to address the long-term structural weaknesses in the north-east's economy and our economic performance in relation to the rest of the country.

Despite improvements, far too few people in our region are in employment. For example, unemployment in my constituency has fallen from 9.9 per cent. in 1996 to 4.6 per cent. now, but that is still too high. Although the north-east has broadly the same ratio of working people to the total population as the national average, some 11 per cent. fewer are economically active. It has been estimated that if the north-east raised the proportion of people in work to 80 per cent.—the Government's medium-term target—its output would increase by some £12 billion. That would have a tremendous impact on the UK economy, but more importantly, it would transform the lives of the people of the north-east.

Our skills profile is also relatively low. Despite real improvements since 1997, our region still suffers from appalling disadvantages at the lower end of the skills sector. More than a third of the working population have either no qualification or are qualified below level 2—four to five percentage points below the rest of the country. As my right hon. Friend the Chancellor has rightly identified, globalisation and intense competition from the likes of China and India will make it increasingly difficult for those with low skills to be part of our economy. For economic reasons, but also for social and moral ones, we as a country need to move away from low-paid, low-skilled work. On reading yesterday's *Hansard*, I was particularly struck by the comments of my hon. Friends the Members for Coventry, South (Mr. Cunningham) and for Burnley (Kitty Ussher). I agreed with everything that they said in promoting manufacturing in the north-west and the midlands.

The north-east still has a relatively high proportion of manufacturing industries and jobs. Speaking as a Member who wants the north-east to retain and build on its reputation as an area of excellence in manufacturing, I believe that the threat from China and India means that we will have to be even more innovative, and provide the world with higher value-added manufacturing goods. The region therefore has to be even more determined to improve its skills base, and to do so faster than other parts of the country.

The third structural weakness is that our region's culture suffers from a relative lack of enterprise. Despite recent success, our region has significantly lower business start-up rates than other parts of the country. Both public-funded and privately funded research and development is disproportionately concentrated in the south of England. However, I hope that the expansion of R and D tax credits for small and medium-sized enterprises announced in the Budget will help matters.

The culture to which I refer goes back decades. The north-east has suffered greatly from the legacy of heavy manufacturing decline. In the 20th century, towns such as Hartlepool did not have the cultural identity to encourage enterprise. Men such as my grandfather were part of a mass work force in the shipyards, steelworks and factories. Tens of tens of thousands of men—they were predominantly men—were employed to do the same thing, often for years at a time. Innovation, enterprise and creativity were not encouraged because they were not considered necessary.

When decline came in the 1970s and 1980s, exacerbated by the policy decisions of the last Conservative Government, we saw mass unemployment and the subsequent social problems that accompany it. Culturally, the collective psyche of Hartlepool and the north-east found it understandably difficult to move on from the safe, risk-averse feeling of being part of a large work force to being risk-aware, innovative and ambitious, so I welcome the Budget announcements to encourage enterprise and instil a culture of entrepreneurialism. I agree with the excellent points in a similar vein made earlier by my hon. Friend the Member for Bristol, East (Kerry McCarthy).

A local enterprise growth initiative—or LEGI—was announced in last year's Budget, to provide substantial sums to the most deprived areas to stimulate economic activity and productivity. The first round of successful applicants was announced recently and I was disappointed that Hartlepool was not included, although as my speech is about the north-east economy, I congratulate my right hon. Friend the Prime Minister and the Minister of Communities and Local Government, my right hon. Friend the Member for South Shields (Mr. Miliband), who secured LEGI funding. I hope that Hartlepool will be more successful in the second round of LEGI funding in 2007–08, because I genuinely believe that my constituency, which has some of the most deprived areas in the country, requires that investment to boost activity, performance and productivity.

I welcome the moves in the Budget towards enterprise education: the creation of the schools enterprise education network, the establishment of enterprise summer school

pathfinders and the launch of the United States enterprise scholarship scheme for undergraduates. The argument that enterprise can be learned in a classroom may be sneered at in some quarters, but such schemes play a large role in embedding a can-do attitude and fostering an enterprise culture that provides young people with the confidence to start their own business or to suggest innovations in the workplace. In the long term, that must be good for the productivity of our economy.

Closely linked to the enterprise culture is the need for high skills in the workplace. The Chancellor's emphasis on education in his Budget statement was absolutely right. Education is the route out of poverty and the real way to transform lives. The opportunity to receive a good education should not be based on who a child's parents are or how much money they have. My right hon. Friend was right to point out that increased investment in education makes a real difference. We need only look at my constituency to see that.

In Hartlepool, we have doubled spending per pupil since 1997. We have increased the number of teachers and doubled the number of classroom assistants. As a result, Hartlepool has achieved the fastest improving education results in the country over the last few years. The percentage of 11-year-olds achieving the accepted level or above in English has risen from 48 to 79 per cent. The percentage of 14-year-olds achieving the accepted level or above in maths has risen from 47 to 75 per cent. In 1997, only 30 per cent. of children left school with five GCSEs at grades A to C; now, the figure is 53 per cent. More students than ever are going on to study A-levels and going to university. So it is quite insulting that on the day of the Budget the shadow Chief Secretary said, on "BBC News 24", that increasing state school spending was "not the answer".

My concern about those real improvements in education is that well-educated young people are moving away to university and being sucked into the economic powerhouses of London, the south-east and other cities, which means that towns such as Hartlepool are losing their foundation for ongoing economic success. A sense of place is vital to boost productivity and prosperity in deprived areas such as mine, and I hope that the initiatives announced in the Budget will do more to encourage people to stay in the north-east and grow businesses.

Obviously, there is more to do, but I am encouraged by the progress made so far and feel passionately that the Chancellor's announcements last Wednesday will improve matters still further.

7.24 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): During the general election campaign, quite a few senior citizens in Shrewsbury told me that they were tempted to vote Conservative but would actually vote Labour because of the £200 grant that they would receive towards their council tax. They were under the impression that the Labour Government would help them with council tax and they were grateful.

Mr. Leigh: Was Leo Blair one of them?

Daniel Kawczynski: Leo Blair is one of my constituents, but I did not discuss that matter with him.

It now transpires that the £200 grant will be taken away. In Shrewsbury, council tax is due to rise by about 4 per cent. this year, which will add £50 to the bill for an average band D property, so senior citizens in Shrewsbury will have to find an extra £250 towards their council tax bills compared to last year. That is a disgrace. How does the Chancellor expect senior citizens in Shrewsbury miraculously to find an extra £250?

The Chancellor said a great deal about how he will help with concessionary travel, but Shrewsbury council officers say that the Government are not giving them enough money to provide it—there will be a shortfall of at least £200,000. That will have to come from the local council, which will have to raise taxes to meet it. On the one hand the Government take great credit for providing incentives, yet on the other, they shove the responsibility and cost of providing the services on to local authorities.

I feel passionately about the Royal Shrewsbury hospital, which I have described in the past as my beloved hospital. It is £30 million in debt, with a strong possibility of 300 job cuts there and at neighbouring Telford hospital in the coming year. I find that absolutely petrifying, as do my constituents. There are also threats to services.

There was nothing about health in the Budget and the Chancellor has let the problem of NHS deficits go to the wall. He does not seem to want to take responsibility for them. In March 2005, when I was a Conservative parliamentary candidate, a delegation from the hospital visited me. It included senior consultants, doctors and medical practitioners, who told me, "We are extremely concerned about the forthcoming financial deficits, but we are not allowed to raise our concerns publicly. We have been told that in the run-up to a general election we are to keep our mouths shut."

Edward Miliband: Did those nurses and doctors say whether they thought the NHS was better than it was in 1997?

Daniel Kawczynski: I think they said that some things were better but that other things were far worse.

We managed to highlight the problem in the local papers in March 2005, but a year later nothing has been done to address it. I am about to say something controversial—nobody has said this so far: we are all passionate about our country and we all want our Olympic contestants to do extremely well in the games, but when the Royal Shrewsbury hospital is £30 million in debt, my doctors and nurses face the sack and we have a crisis in the national health service, the Chancellor should not be giving £200 million to the Olympic team. Controversial. But that is how passionately I feel about the Royal Shrewsbury hospital.

My second point is about carbon dioxide emissions. I am a member of the Select Committee on Environment, Food and Rural Affairs, which is looking into our obligations on CO_2 emissions. The Chancellor has imposed a tax on 4x4 vehicles and the Lib Dems have repeatedly campaigned about them, saying that they will tax 4x4s until the pips squeak. They fail to realise that many people in rural constituencies, living in villages such as Cardington, which is perched on top of a large hill, or running farms, need a 4x4 to get around.

[Daniel Kawczynski]

So, the Chancellor is penalising hard-working farmers and families who live in rural areas. By imposing the tax, he is certainly not going to stop super-rich people in Westminster from buying those large vehicles. Why is he using a blatant tool such as this to punish people who live in rural communities?

Martin Horwood: I note that the hon. Gentleman was casting some aspersions about the commitment of the Liberal Democrats to rural areas. Does he agree with my hon. Friend the Member for Eastleigh (Chris Huhne) when he said:

"The restructuring of vehicle excise duty is welcome but will not go far enough . . . The cost for gas guzzlers will be less than one full tank of petrol and brings with it no protection for the small number in rural areas who have a genuine need for four-wheel drive vehicles"?

Does he accept that that is actually our position?

Daniel Kawczynski: All that I know is that a lot of people in my constituency—farmers and people who live in rural areas—will be adversely affected by the tax.

I was visited by 45 ladies from the Shropshire women's institute. We had a splendid afternoon together.

Mr. Leigh: I hope that they kept their clothes on.

Daniel Kawczynski: Well, we discussed a range of issues. Many of them live in very rural communities and they highlighted their anger about the tax.

The Chancellor of the Exchequer spoke about the moves that the Government are making to reduce CO_2 emissions and meet our Kyoto targets. As he knows and as the Prime Minister said on Australian television today, Great Britain accounts for only 2 per cent. of CO_2 emissions. I would have been far more impressed with the Chancellor if he had managed to bring to the House an agreement with the Chinese Finance Minister, Mr. Jin Renqing, and if he could convince him to take the matter seriously and to reduce China's CO_2 emissions. If the Chancellor could present the House with a treaty that the Chinese had signed to reduce CO_2 emissions, that would impress me. He is doing very little to make the Chinese more obliging on this matter.

There was no help for public sector workers. As has been mentioned already, today we have had the largest strike since 1926. Many public sector workers in Shrewsbury are striking today and feel very concerned about the fact that their pensions are going to be changed. They believe that some of the things that are happening in relation to the pension changes are contrary to the law of the land. I am sure that those things will be tested through the courts. What a shame that that the Chancellor did absolutely nothing in the Budget to help those people. I recently saw a delegation of such people in Shrewsbury. Some of them are strong Labour voters, but they informed me that they will never vote Labour again, which greatly encouraged me.

I do not think that farmers have been mentioned today, but, as I represent an agricultural constituency, I wanted to raise the issue. In particular, I want to talk about dairy farmers. I am so concerned about dairy farmers that I am setting up an all-party group on the issue. Some 70 Members have joined from all sections of the House. I am glad that the Chancellor has just entered the Chamber. What a shame that he failed to say a single thing about our farmers and the crisis that British agriculture is facing. He is so obsessed with Labour strongholds that he fails to remember the crisis of our rural community. There was not a single extra penny for that, in a week when there have been calls for the resignation of Lord Bach, who has appallingly mismanaged the single farm payments scheme, which has had appalling ramifications for Shropshire and Shrewsbury dairy farmers. In fact, I know of only one farmer who has received his single farm payment so far. We were promised that the bulk of our farmers would receive their payments by the end of March. It is now the end of March and next to none of them have received their payments. Before the Chancellor leaves the Chamber, I hope that he takes on board my strong concern—*[Interruption.]* No, he is not taking it on board; he is leaving—as usual. But I hope that, in the future, he does take on board the concerns of Shrewsbury dairy farmers.

Lastly, I will talk about something close to my heart. Today, I held a Westminster Hall debate on the provision of money to senior citizens who are in care homes or nursing homes. Unfortunately, not a single extra Member of Parliament attended my debate, which I was very disappointed about. However, the issue is huge and affects a lot of people in Shrewsbury. I have many people coming to see me who have had to sell their parents' home to pay for long-term care for them. I know that my generation will not be able to rely on the state to provide such care, which is why we will have to take out insurance policies to look after our parents, but members of this generation believe that it is the responsibility of the national health service and the state to provide long-term care in nursing homes. So I am very regretful—*[Interruption.]* The hon. Member for Doncaster, North (Edward Miliband) is making hand movements at me. I am not quite sure what he is trying to say.

Edward Miliband: The point that I was making is that, listening very intently to the hon. Gentleman's speech, I have heard lots of proposals for tax cuts and lots of proposals for more spending. I wonder whether he thinks that those two things add up.

Daniel Kawczynski: I have the benefit of not being on the Front Bench, so I can say what I like, quite frankly. On that note, I will conclude my speech.

7.36 pm

Helen Goodman (Bishop Auckland) (Lab): I am pleased to take part in the Budget debate and to follow the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski), who seemed not to acknowledge that spending on the NHS is now at a record high and that we are going to have an increase of £6 billion next year. He displayed the attitude to climate change that Labour Members are becoming used to hearing: he willed the ends, but not the means. Indeed, from what he was saying about China, he seemed to be looking urgently for a translation from Shrewsbury to Shanghai. I am also pleased to follow my right hon. Friend the Member

for Oldham, West and Royton (Mr. Meacher), who spoke about manufacturing, which is a concern in my constituency, and my hon. Friend the Member for Hartlepool (Mr. Wright), whose seat is in the north-east and who spoke eloquently and with compassion about the needs in the north-east.

Last November we held a conference in Bishop Auckland to examine the needs of the local economy, which is largely manufacturing based. We brought together small and large businesses, trade unionists, academics and policy makers to consider how to develop our manufacturing sector in an economy increasingly dominated by services and threatened by low-cost competition, and how we will ensure that workers have the skills needed to innovate and encourage entrepreneurship.

I believe that active government can make a difference to local economic success. In the north-east we should resist the temptation to engage in special pleading based on relative economic weakness. Instead, we must focus on using the potential of local people, too many of whom are still workless and, as my hon. Friend described, lack the skills and confidence to succeed. We need to create a framework that encourages businesses to innovate, invest and grow. That cannot be achieved through a laissez-faire approach that assumes that the market will take care of everything. It requires active intervention by Government agencies to embed skills in the work force, develop transport and communications infrastructure, and strengthen business networks.

At the conference, Professor Ian Stone of Durham university business school pointed out that 100 years ago the north-east economy had all the qualities that we need now: leading edge sectors, a strong demand for products and services, high levels of innovation, dynamic industrial clusters, a skilled work force, high productivity and growth, and net inward migration of skills. Of course there are examples of that today, such as NETPark, on the border between my constituency and the Prime Minister's. It is a partnership between the local authority, the university and the private sector to promote new technology. None the less, we need to strengthen such qualities.

George Cowcher of the North East chamber of commerce undertook an interesting survey of what manufacturing companies in my constituency wanted. Their priorities were work force skills, better transport infrastructure, less red tape, better business support and access to finance. Tommy Brennan of the GMB called for support for manufacturers and environmentally friendly technologies. I shall assess the Budget against those demands.

First, on work force skills, the Chancellor of the Exchequer is surely right to increase resources in our schools. There has been a tenfold rise in schools investment since 1997, and the 50 per cent. rise in schools investment next year will make a huge difference. For example, there will be a completely new school in the village of Byers Green, where teachers and pupils are now struggling in a 1915 building. The extra money for science teachers and new science clubs will be welcomed both in the Glaxo plant in Barnard Castle in my constituency and in Bishop Barrington school, which I visited recently. The school has had one new lab, but needs another one. The Chancellor's approach will build on collaborations such as that in the north-east process industry cluster, which provides visits and science training for local schools.

The new entitlement to, and grants for, further education for people up to 25 will have a significant impact in my constituency. Bishop Auckland college is now getting a completely new building to accommodate the 60 per cent. rise in students in the past five years.

On transport infrastructure, County Durham needs better roads going south and north. The extra £800 million outlined in the Red Book is enabling the A66 between North Yorkshire and County Durham to be dualled, which will both improve safety and cut business costs.

As someone who used to run a small voluntary organisation, which is a sort of small business, I am sympathetic to calls from business for less red tape. I am sure that business will benefit from the new code for risk-based regulation and the proposals to introduce that in Europe, too.

Manufacturers in my constituency said that they wanted business support and more streamlined one-stop shops. The growing role of the manufacturing advisory service, and a smaller number of business services offering more targeted support, represent the right way to go. There are young entrepreneurs in the north-east who will benefit from the national enterprise network of 200 summer schools. Accessing finance for small and growing businesses can be hard, so the proposal to expand the R and D tax credit, the new tax relief for investment in venture capital trusts and the £100 million of new money to double enterprise capital funds are all welcome.

The Chancellor of the Exchequer's proposals to support our renewables and energy efficiency industry will achieve three objectives—our climate change targets, our obligations to the developing world, and the sustainable development of our manufacturing base. The new environmental research institute and the seed-corn finance for the first enterprise capital fund for the environment demonstrate the Government's commitment to action, which contrasts sharply with the position of Opposition Members. In addition to the 5 per cent. biofuels quota, the increase in the duty differential for biofuels will be of particular benefit to Farmway—a farmers co-op in my constituency engaged in its manufacture.

As my hon. Friend the Member for Hartlepool said, in the north-east, labour market participation is below the national average. Sue Stirling of the Institute for Public Policy Research north believes that if we could get recipients of incapacity benefit into work, we would close the gap. There is already a successful pilot at the Bishopgate medical centre to support people back into work, so the proposals to reform the linking rules for incapacity benefit, which discourage some people from experimenting with taking jobs, are very welcome.

Before the Budget, I met members of the Wear Valley pensioners association. One of the things that they most wanted to see was the extension of free bus passes nationwide, so I am sure that they welcome the £250 million that the Chancellor is providing for free bus travel nationwide next year. Such travel will be available to all 17,600 pensioners in my constituency.

In February I visited Mr. and Mrs. Hodgson, who had benefited from a Warm Front grant. Improving energy efficiency is the best way of tackling fuel poverty

[Helen Goodman]

and meeting our climate change objectives, so I am especially pleased that the Chancellor has increased the number of households that will benefit by 250,000 over the next two years.

The people of Bishop Auckland are not focused on their own interests alone, however. During Fairtrade fortnight, many of them signed a petition calling for the Government to keep their promise to raise aid to 0.7 per cent. of GDP, so they will be pleased by the increase in development aid set out by the Chancellor.

Opposition Members simply fail to understand the significance of the Government's successes and long-term strategy for the British economy. Since 1997 unemployment in my constituency has fallen by 41 per cent., and it has fallen by 11 per cent. in the country as a whole. Prudent fiscal and monetary frameworks have brought new stability to the British economy, and low inflation and interest rates enable businesses to plan and invest. That has allowed a steady programme of investment in public services. The Conservative party is committed to cutting public spending as a percentage of GDP, irrespective of need or circumstances. However, it will not tell voters which services it would cut. People need to know, because those public services not only improve our quality of life, but provide the skills and infrastructure for our long-term economic success.

7.47 pm

Mr. Stewart Jackson (Peterborough) (Con): As I rise to challenge the received wisdom that we are living in a land of milk and honey, I confess that I am gatecrashing the Chancellor's glee club on the other side of the Chamber. I have unashamedly looked at the Budget through the prism of the way in which it will affect my constituents and my constituency. There is a chasm between the Chancellor's rhetoric and the situation in the real world for business and the public services, which I shall touch on later in my speech. Such rhetoric includes:

"Britain is better placed than ever to be the global economy's success story"

and

"Preparing Britain for 21st Century—Challenge of Globalisation".

I find it hard to reconcile those comments with a Chancellor who is imposing a social market model on this country and squandering the golden economic legacy that was left by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke).

People have eschewed facts today, but facts are important, so let us consider the statistics. The tax take this year is £490 billion. Public expenditure is up by £207 billion since 1997. If one adds tax credits, as de facto welfare payments, into expenditure, 39 per cent. of our GDP is going on public expenditure. There will be £73 billion of public borrowing over the next two years, and tax will be up to 41 per cent. of GDP by 2011, or the equivalent of more than £7,000 a family.

Businesses have been much lauded by the Chancellor, but business investment is at its lowest for 41 years in cash terms. This country is 5 per cent. worse off for capital equipment than Germany and the United States. Output per worker has gone up by just 1.6 per cent. in the past nine years, which is well behind the figure for the United States of America. We know that the Chancellor has had to downgrade his growth forecast constantly, but we should also remember that he has got the tax-take projections wrong in the last six financial years. As my right hon. and learned Friend the Member for Rushcliffe pointed out, growth per output since 1995 has, according to the university of Groningen, fallen behind France and Germany. We are something like fourth or fifth in the list of output and productivity in the G7.

The Budget is also marked by a sleight of hand. We have heard nothing about the private finance initiative and the £60 billion that is off-balance-sheet debt. As my right hon. Friend the Member for North-West Hampshire (Sir George Young) said, we have heard nothing about the council tax bribe of £200—an urgent issue in 2005 before the general election, which is suddenly less urgent this year. We are constantly told by Labour Members that this is a Budget for the future that tackles the big issues, yet we have heard nothing about the Turner report or the structural reform of pensions. We have heard nothing except briefing in a turf war by the Treasury against Lord Turner and others.

Let me give one simple example of how the Government have done nothing for the most needy people in our society. The Alzheimer's Society has written that carers save the Exchequer £57 billion, but there is nothing for them except a slap in the face. They have been ignored.

Martin Horwood: Does the hon. Gentleman agree with the policy of the Alzheimer's Society, and of the Liberal Democrats, to implement the recommendations of the royal commission on long-term care?

Mr. Jackson: A policy review is being undertaken by my party. We have a realistic chance of being elected to government, unlike the hon. Gentleman and his colleagues.

There are other gimmicks, too. The planning gain tax will be organised on a regional basis. Does that mean that my constituents in Peterborough, where there is high growth and lots of house building, will suddenly find that tax going to Thurrock, Great Yarmouth or other Labour-voting areas?

There was nothing about manufacturing in the Budget. I pay tribute to the right hon. Member for Oldham, West and Royton (Mr. Meacher), who has 30 years' experience in this place, and the hon. Member for Bishop Auckland (Helen Goodman) for talking about manufacturing. In my constituency, in a city famous for its railways and engineering, 4,500 people have lost their jobs. Employment is down by 28.7 per cent. Under this Labour Government, whose members constantly attacked the Conservatives throughout the 1980s for their record on manufacturing jobs, we have seen a reduction from 15 per cent. of the economy to 12 per cent. of the economy. That is not a record to be proud of.

On the stamp duty threshold, even the Council of Mortgage Lenders has said that the policy will not work, because the threshold has not gone up in line with

inflation and price rises. House prices in my constituency have risen by 100 per cent. in the past five years.

Reference was made to the impact of tax credits on the poorest in our society. There still is a 60 per cent. marginal tax rate. If someone on the minimum wage has the tax credits taken away when he works, the basic rate of income tax and the tax credit removal, combined with national insurance contributions, will mean that he pays a 60 or 70 per cent. real marginal rate of taxation. That is not good enough.

Yes, I pay tribute to the Government for at least trying to do something about child poverty, but the Chancellor should not forget the overall tax burden that falls on ordinary working families, not just the rich people in Chelsea tractors. I notice that the Chancellor paid tribute to the class war, keeping the "red in tooth and claw" leftist battalions on the Back Benches happy, but it was meaningless. It was student union gimmick politics—I am not referring to the hon. Member for Leyton and Wanstead (Harry Cohen).

I shall concentrate on two areas. We hear a lot about health and how health spending is the great panacea that will solve the problem of the NHS and the infinite demand for health care, but there was not a word about health in the Budget. Health is now embarrassing. The Secretary of State for Health said just two months ago that the deficit was unlikely to be more than £200 million. That is typical of this Labour Government: they are only out by a factor of five, because by the end of the financial year the figure is more likely to be £1 billion.

After nine years of the stewardship of the Chancellor, my constituency is losing 185 NHS jobs. Decent, hard-working and professional people are being thrown on the scrapheap. We have a cumulative budget deficit of £10 million over two years. Three wards are closing. That does not take account of the crisis in NHS dentistry in my city. Older people, children and young families are all being denied preventive dental treatment. We know that the Chancellor is keen on dentistry. He can get his teeth fixed at extremely high cost as part of his Trinny and Susannah-style makeover in preparation for moving next door to No. 10, but unfortunately my constituents cannot.

It is no good talking about gimmicks, such as paying consultants only a 1 per cent. increase in salary. The Chancellor knows full well that there are only 34,000 consultants, which is a drop in the ocean compared with the increase that he is paying to other health care workers. Together with things like the working time directive, "Agenda for Change" and the botched GP and consultant contracts, which overran by £390 million, that has brought a structural deficit to a majority of trusts. We need not even mention manipulation of the national tariff. I, and probably other hon. Members, cannot remember the last time the NHS so mismanaged the national tariff that it had to withdraw it and bring it out again.

The hon. Member for Cambridge (David Howarth) will no doubt speak eloquently about the cuts in mental health services in Peterborough and Cambridgeshire. Those are the most destructive cuts. Many of the young people affected by the cuts are vulnerable and need help. Their services are being cut hugely.

The Economic Secretary to the Treasury (Mr. Ivan Lewis): Will the hon. Gentleman give us a comparison of the year-on-year increases in NHS expenditure under the Government whom he loyally supported with the year-on-year increases that we have seen in the NHS?

Mr. Jackson: Delighted to; obviously the hon. Gentleman has not been reading *Hansard*. For every year of the Conservative Administration, between 1979 and 1997 we spent 64 per cent. above the rate of inflation, and for every week that we were in power we spent £1 million on a new capital project. He will have to ask a trickier trick question next time. *[Interruption.]* Those are the figures, if he wants to check them.

On crime and policing, the Chancellor talks about police community support officers, but those are not fully trained policemen and women. They are decent civic-minded people who will do their best, but they are not policemen. We also hear about the regional forces that are being forced on our constituencies, allegedly costing more than £550 million, according to the Association of Police Authorities. The Government are going to fund that policy, possibly to the tune of £150 million, although no one wants it. It is a top-down approach. The police and local people are against it, but the Government have an arrogant disdain for local views and will go ahead with it anyway. As a result, we have to find £400 million from the council tax in my area and throughout the country—£400 million that is not being spent on crime fighting or tackling drugs, violent crime or antisocial behaviour, because it is being spent instead on new badges, new buildings and new management structures. That matters.

Let me give the detection rates for my basic command unit, the northern division of Cambridgeshire. Some 53 per cent. of sexual offences are detected, which means that 47 per cent. are not solved; 15 per cent. of burglary cases are detected, so 85 per cent. are not solved; and 20 per cent. of vehicle thefts are detected, which means that 80 per cent. are not solved. That is after nine years of a Government who came to power saying that they were tough on crime and tough on the causes of crime.

The Chancellor of the Exchequer is an old man in a hurry. Last week's Budget was a "cones hotline" Budget. It had no vision, it was full of bombast and hyperbole, and it was empty and vacuous. I note that the Prime Minister, even 12,000 miles away, has got his betrayal in first, so the Chancellor may not move next door very quickly. The Budget is full of gimmicks, and although it does not have any price tags or time lines, it includes the much vaunted reannouncement of education spending. It fails the people of my constituency and, above all, it fails the country.

8 pm

Harry Cohen (Leyton and Wanstead) (Lab): I am grateful to the hon. Member for Peterborough (Mr. Jackson) for referring to me as a class warrior. If that means that I battle for hard-working people to be better off, and for public services to be improved substantially, I am proud. I congratulate the Chancellor

[Harry Cohen]

on another effective Budget that will keep the economy stable while boosting public services. I very much appreciate the extra £585 million that will be made available to schools by 2007 in direct payments. I am keen, too, to thank the Chancellor for £100 million to facilitate safer neighbourhood teams in wards throughout the country. In my constituency, for example, Grove Green, Forest and Snaresbrook wards will have safer neighbourhood teams from the beginning of next month, so I thank him for reducing the wait they would otherwise have had.

I am pleased that the Budget contains measures to tackle climate change, including an increase in line with inflation of the climate change levy from April 2007, the introduction of a new zero rate of vehicle excise duty for the small number of cars with the lowest carbon emissions, and a new top band for the most polluting new cars. It is incredible that the Conservative party, given its talk of consensus and its desire for green credentials, cannot embrace the levy, which is one of the biggest efforts in this country to tackle climate change. If the Conservatives think that a voluntary agreement would work, they are living in cloud cuckoo land. I urge them to get real and support the climate change levy.

Martin Horwood: The hon. Gentleman is a sincere supporter of green taxation, which Liberal Democrats support, too. Does he not think that it is rather disappointing that green taxes in total have fallen from 3.6 per cent. of national income in 1999–2000 to just 3 per cent., which is even lower than it was when the Conservatives were in power?

Harry Cohen: The gist of my speech is the measures needed to tackle climate change. At least the Chancellor has moved in the right direction, given the measures that I have already mentioned. It would certainly be a retrograde step if the Conservatives had their way with a so-called voluntary agreement instead of the climate change levy.

Aviation tax could be even more important than the levy. Figures from 2003 on carbon dioxide emissions from fuel combustion show that international aviation and marine bunkers were responsible for 3 per cent. of the world's total carbon emissions, or 223 million tonnes. That figure has since increased substantially. I shall return to aviation tax later, but I wish to deal with the taxation of oil companies, which is a complex issue and is not often raised unless the Chancellor refers to it or it is mentioned in the Treasury Committee. My perspective, however, is different. One of the Chancellor's greatest achievements was the introduction in 1997 of a windfall tax on oil companies that raised £5.2 billion, which was invested in the new deal—an employment strategy that put many young people into work. The new deal adopted four different approaches including, crucially, skills training. It transformed employment in this country and it was a great success.

Oil prices have gone through the roof, as have oil company profits. I tabled a question to the Treasury asking the Chancellor to

"assess the merits of introducing a windfall tax on oil company profits".

A ministerial reply on 28 February said that in last year's pre-Budget report there was a package of changes to North sea oil taxation, but that

"the Chancellor committed to no further increases in North sea oil taxation for the lifetime of this Parliament".—[*Official Report*, 28 February 2006; Vol. 443, c. 680W.]

I thought that that was strange, given that there have been record increases in oil company profits. Indeed, although the new deal is still in place it has diminished, and we need to make a new effort on skills training, which is the biggest priority in the field of employment. The Government have delayed the introduction of a new approach called BoND—building on new deal, but another windfall tax could be utilised for that purpose.

I undertook some research in the Library. As I said, the windfall tax produced £5.2 billion in 1997. The pre-Budget report shows that the Chancellor will receive £6.5 billion from the continental shelf oil companies in the North sea over the next three years. However, in the pre-Budget statement the Chancellor pointed out:

"Our economy has had to withstand an oil price rise from around $25 to a current price of around $55, which is also close to the level of almost all future projections. Returns in the North sea"—

this is a key point—

"are now nearly 40 per cent. on capital, compared with ordinary returns of 13 per cent."

There is therefore scope for more taxation on oil companies. Indeed, the Chancellor told the Treasury Committee:

"The oil taxation change is on the basis that we expect oil prices to remain higher than what has been the previous range. The previous range was $22 to $28 and, even if the oil price was higher, OPEC expected oil to go back to between $22 and $28. We are now in a situation where at the beginning of the year it was $40, at one point it went to $70; it is now back to about $55. Our assumption is about $55 over the course of the next year."

There is therefore scope to increase oil company taxation by about another £1.5 billion quite comfortably over the lifetime of this Parliament. The windfall tax represented 10 per cent. of the taxes of those continental shelf companies. With the changes, we will get 8 per cent., but we could have got extra money from them. Their profits went up from £14 billion in 1997, which was a good year, to £21 billion per annum. We could have used the extra tax on their profits to improve skills training.

Aviation kerosene is duty-exempt. The Prime Minister has said that it might be included in a new emissions trading scheme as a first step. That is welcome, but the Chicago convention makes it illegal to tax fuel for international flights. The crisis is great. On 2 March *The Independent* reported:

"The boom in European air travel generated by cheap carriers is already threatening to wreck our attempts to bring climate change under control. Britons are forecast to take 101 million foreign trips by 2020",

with

"a corresponding increase in carbon emissions."

The article continued:

"A tax on airline fuel is the obvious solution. That fact that the airline industry has been allowed to operate for so long paying no tax on their fuel is a scandal."

Oxfam has stated:

"Although aviation currently accounts for only 3.5 per cent. of total greenhouse gas emissions, it is one of the fastest growing sources of greenhouse gas emissions; because aviation also has the highest growth rate as a mode of transport, emissions from air travel are projected to increase five-fold by 2050."

Mr. Walker: Does the hon. Gentleman agree that one good way of reducing emissions in the long term would be to stop building additional runways for budget airlines?

Harry Cohen: The hon. Gentleman makes a good point. Government policy must deal with aviation in the round.

According to the Library,

"Domestic aviation (to and from UK airports only) accounts for 0.4 per cent. of UK emissions. Only domestic aviation is included in target figures but if international aviation were to be included the figure would rise to 5.7 per cent. of UK emissions",

and

"one fifth of all international passengers are travelling to or from a UK airport."

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The hon. Gentleman has just defeated his own case. If the United Kingdom imposed an aviation duty unilaterally, that would affect only domestic flights. Airlines would get their fuel from other countries. How would he propose to deal with that?

Harry Cohen: As I pointed out, we are in a position of leverage because such a high proportion of airlines use the UK. We would be a big player in that argument.

The Government will not say how much would be raised by an aviation tax, but in an answer in 2003 they stated that introducing duty at the ultra low sulphur diesel rate would raise £5.8 billion and at the heavy diesel duty rate, £6.6 billion, so in addition to the environmental effects the Exchequer could raise a lot of money by that means.

A number of steps should be taken. First, we should threaten to leave the Chicago convention and use that as leverage to renegotiate it. It is ridiculous that there is a convention preventing taxation on international flights. We should press for renegotiation. Secondly, the Budget refers to the continental shelf oil companies and the taxation regime is directed at them, but all oil companies are making huge profits on all their activities. An excess profits tax could be imposed on them without the petrol price having to be raised. If we do nothing with regard to aviation, we should do more in respect of individual travellers, based on the price of a ticket so that the rich pay more. There should be more tax on cheap tickets as well.

Finally, there are still great emissions and energy wastage from buildings—in London, for example, as much as from cars. The Government need to address that in their taxation regime. We need to tackle climate change and promote environmental protection. The Budget has made a start, but we need to do more.

8.15 pm

Martin Horwood (Cheltenham) (LD): The Budget claimed to be a Budget for education and a green Budget, but as my hon. Friend the Member for Twickenham (Dr. Cable) pointed out, there were disgraceful omissions from the Budget in those respects and also in respect of the NHS. I shall take each of those in turn.

Education takes many forms, including the learning of IT skills. I am pleased that in the debate many hon. Members have mentioned the home computing initiative. There is a long history of using computers in my family and my constituency. My father, Don Horwood, helped to build the very first programmable digital computer, Colossus, during the 1940s at Bletchley Park. Bletchley Park became GCHQ and moved ultimately to Cheltenham, so there is a good connection.

Many families are excluded from the IT revolution that took place during my father's lifetime, sometimes because of their low incomes and sometimes simply because of inexperience in IT. The home computing initiative was a valuable programme not only because it gave access to IT equipment, but because it improved the employment prospects of those on low incomes and their families, and increased the overall set of IT skills of the nation, thereby increasing our productivity—another Budget theme.

It is disgraceful that the home computing initiative was abolished in the Budget. That was not flagged up in the Budget statement, of course, but was buried in the small print. The home computing industry was not consulted or informed beforehand, despite the existence of an industry body, the home computing industry alliance. I have had angry e-mails from constituents who are in the industry and who are appalled that that was done at such short notice and in such a sneaky back-door way. It is a very unfortunate cancellation of a valuable scheme.

Support for the NHS has been identified by other hon. Members as a subject that was not mentioned in the Budget speech. It is an outrage that it did not rate even a mention at a time when the NHS is in financial crisis. I do not represent one of those legendary 6 per cent. of areas that are in deep financial crisis. I speak for an area represented by Cheltenham and Tewkesbury primary care trust, which, as my neighbour, the hon. Member for Cotswold (Mr. Clifton-Brown) knows, has been in financial balance. It is a three-star primary care trust. We have an acute trust, Gloucestershire Hospitals Trust, which is a relatively low cost provider of services, doing exactly as the Government wanted it to do. We even have a mental health partnership trust, which is a three-star trust hoping to apply to be one of the first partnership trusts to gain the much-vaunted foundation status. That is precisely the kind of area that should not be in crisis.

Why, in that case, was it announced today that Battledown children's ward in my constituency will close as a 24-hour in-patient facility, despite pledges from all three primary care trusts and the acute trust last year that it would stay open? Why will St. Paul's maternity wing close in due course, and why will the Delancey rehabilitation hospital probably close? Why are adult mental health services to be rationalised, and a range of other services that were provided in both Cheltenham and Gloucester to be provided in only one place? I suspect that my neighbour, the hon. Member for

[Martin Horwood]

Cotswold, will be considering community hospitals and local NHS services in his constituency with some trepidation given the overall package.

Why has that devastating news been delivered to the people of Cheltenham today? The answer is that the Department of Health got its sums wrong. Initiative after initiative, contract after contract and target after target have been inadequately funded by the Department of Health. The result has been the requirement for some £29 million of savings across the three PCTs in Gloucestershire and £10 million lost to Gloucester Hospitals NHS Foundation Trust, even if it stands still on its current activity. That is an unacceptable attack on front-line services, and I agree with my hon. Friends that it could cost lives.

I am grateful to you, Madam Deputy Speaker, for allowing me to leave the debate to meet the Secretary of State for Health tonight. I asked her why a PCT that is in balance and that has a low-cost acute trust provider is facing such cuts. She said, "We can't take funds other than from the NHS to bail out the overspending PCTs." "Can't"? The Chancellor keeps telling us that he has 10 years' experience. Why "can't" the political will be found to protect services, even in the areas of the NHS that have been in balance and that have done everything that the Government have asked of them? Furthermore, those events are taking place while the threat of pandemic flu hangs over the NHS—this is the very time when we should be looking at increasing capacity in the NHS, not cutting it.

Finally, the Chancellor claims to have produced a green Budget, but it is a very pale green. For all the Government's protestations, the simple fact remains that CO_2 emissions are going up, not down. Today's conveniently delayed climate change review—it is a shame that there was not enough time to produce it just before the Budget speech—makes it clear that the climate change levy has been frozen since its creation and that it will be increased only in line with inflation from 2007. Let us hope that climate change itself proceeds only at the rate of inflation with six-year pauses, although that is unlikely because, as the evidence shows, while the Government are slowing down, climate change is speeding up.

It is also disappointing that the Chancellor has only partially implemented Liberal Democrat policy by placing higher vehicle excise duty on the most gas-guzzling vehicles and introducing a zero rate for those vehicles that are the lowest consumers. However, the rate is feeble, and, as Conservative Members have pointed out, there is no protection for rural farmers who genuinely need such vehicles. Instead, the owner of a Porsche Cayenne, which the Environmental Transport Association lists as one of the worst offenders and which costs between £30,000 and £50,000, now faces an extra bill per annum of £30, which is rather less than the cost of one Porsche Cayenne windscreen wiper.

At this point in my speech, I must declare an interest because, like the right hon. Member for Witney (Mr. Cameron), I have got the builders in to plan an extension to my house. I plan to install a mini-wind turbine, a combined heat and power boiler and solar panels, but I was surprised to discover that some of the grants that I was hoping to take advantage of under the clear skies programme seem to have run out. There is no provision in the Budget, not even in the small print, on householder microgeneration. On an MP's salary, I may be able to afford to go ahead, but many others will not. Earlier in the debate, the Minister gave me a disingenuous answer on that point, because, although he discussed supporting microgeneration for the Government's own buildings, he made no firm commitment on householder microgeneration. Microgeneration has huge potential to reduce emissions and fuel poverty, to lower fuel bills for a wide section of the population and to more than fill the gap left by the nuclear industry were we to decide—rightly—to decommission it completely.

The truth is that the Budget has failed to support education and productivity, to save the NHS from financial crisis and to protect the environment. Unless the Chancellor fails with his next job application, it will go down as his greatest missed opportunity.

8.23 pm

Joan Walley (Stoke-on-Trent, North) (Lab): The contributions to tonight's debate have been detailed and far ranging, and they show the in-depth interest and attention that all hon. Members pay to every single aspect of the Budget. So many themes have come out of the debate, but I want to concentrate on my concern about the Budget.

I want to make a plea to the Treasury, the Chancellor and the Department of Trade and Industry to deliver a cross-cutting Budget. We should examine how the different measures in the Budget can be joined up across Departments and linked to partners on the ground. We have heard so much about issues such as social justice and child poverty, but we need the capacity on the ground to make the measures in the Budget a reality. That is my plea to Ministers tonight.

It is a privilege to take part in this debate. This is my right hon. Friend's 10th Budget and many other hon. Members have commented about how the public finances are now on a level playing field. It is so important to take that forward. I am a member of the Environmental Audit Committee which has examined the pre-Budget report and other Budgets for their green capacity. The Committee's reports always seem to conclude that the Government should do more, but that is true no matter how much Governments do. However, we should give the Government credit for the real step change in the Budget, especially in the chapter on protecting the environment.

I welcome the progress on environmental issues. As the climate change review published today shows, there is still so much more that could be done. It is up to all of us to work collaboratively, whether through environmental improvements to our own homes, informing our constituents or getting our local authorities to adopt a leadership role on environmental issues. The Budget provides the foundations for real progress on environmental issues, not least in respect of microgeneration, at work, in schools and in all the public finance undertakings.

The Environmental Audit Committee is cross-cutting in looking at all Departments, and I want to look at some of the Budget measures in the same way, especially those that will have a real impact on my constituency. I hope that Ministers will work with north Staffordshire

MPs to ensure a joined-up approach from the Department of Trade and Industry, the Office of the Deputy Prime Minister, the Department for Environment, Food and Rural Affairs and the Treasury. Unless we have that commitment, we will be unable to deliver services in north Staffordshire as we should.

I was interested in the remarks by my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) about the loss of manufacturing jobs. I wish to flag up our heartlands, especially north Staffordshire, where heavy industry is bearing the brunt of the globalisation that many other hon. Members have mentioned. It is vital that we do everything in our power to create new jobs, to support those who have already lost their jobs and to retrain and give new skills to those in low-paid jobs and who wish to move on. It is important that the review of Advantage West Midlands and the other regional development agencies that my right hon. Friend the Secretary of State for Trade and Industry mentioned earlier looks at what manufacturing needs. We have the wonderful example of the Ceramic Industry Forum, which is looking in an innovative way at what needs to be done. The education maintenance allowance, which was piloted in Stoke-on-Trent, is another wonderful example, and it has now been rolled out across the country. I hope that other schemes can be piloted in Stoke-on-Trent and used to maximum effect across the country.

This is a Budget for the regeneration of the UK's towns and cities. I declare an interest because my constituency includes Burslem, the mother town of the Potteries. The £65.5 million announced this week by the Office of the Deputy Prime Minister for Renew North Staffordshire will give us unprecedented levels of investment in housing, and I hope that it will unlock many different opportunities for jobs and retraining. It will give us an opportunity to have sustainable methods of construction and to implement on the ground the warm homes policy that was again mentioned in this Budget. If the Government take a cross-cutting approach, this will all add up to a complete transformation of homes and jobs in our area.

I am pleased that the Lyons review was mentioned in paragraph 6.15 of the Budget. Some 7,800 jobs of the 20,000 proposed have already been moved out of London and the south-east, so there are still 12,000 to go. We have a site in north Staffordshire that could be used for relocation purposes under the Lyons review. It is a stone's throw away from the priority housing market renewal area, which would link up to Burslem. If the Government have the will, we can make it happen on the ground. The job losses that we face in north Staffordshire could give rise to opportunities for the innovative relocation of public services that would allow us to be a true engine of growth. That is the agenda that north Staffordshire wishes to convey to Ministers.

We have a wonderful resource centre that was originally launched by the Ceramic and Allied Trades union—now Unity. It has a proud record of upskilling and retraining the work force in north Staffordshire, and has had European funding. The education maintenance allowance offers the Government a model for ways of dealing with those in the traditional manufacturing areas who are losing jobs. They need only look at this gem to see how such projects can be rolled out still further.

It will come as no surprise to my right hon. Friend the Minister for Industry and the Regions to know that I cannot miss this opportunity to lobby yet again on the LEGI—local enterprise growth initiative—fund, phase 2 of which is on offer under this year's Budget. I say categorically to my right hon. Friend that we need that funding for north Staffordshire. If we need extra assistance and capacity in building a project that will meet the criteria, I ask for an assurance that the Government will work with us to ensure that it will be in place as soon as phase 2 gets under way.

I wish briefly to refer to the Budget information on private finance initiatives—"PFI: strengthening long-term partnerships". We need firm commitments from the Government about the way forward for the public services. Some changes to health service funding are directly affecting the deficits that are occurring in primary care trusts and health trusts around the country. In north Staffordshire, we have a private finance initiative that is nearing the stage of closure. I acknowledge all the welcome investment in research and development in the health service and all the extra resources that the Government are putting in, but my plea is for Ministers to look closely at box 6.1 in the PFI information. I hope that, in the winding-up speech, the Chief Secretary can assure north Staffordshire Members that we can have some certainty about the PFI for the new hospital.

We currently have two hospital sites, which means all sorts of extra costs that make it difficult to deal with the current position and the huge scale of job losses. Above all, we need certainty and joined-up thinking from the Treasury and the health service that the PFI can go ahead.

8.35 pm

Mr. Nick Hurd (Ruislip-Northwood) (Con): I refer hon. Members to my declaration in the Register of Members' Interests and place on record my great pleasure at following the hon. Member for Stoke-on-Trent, North (Joan Walley), a fellow member of the Environmental Audit Committee, who spoke with her characteristic sincerity and commitment to her constituents.

I do not know about other new Members, but I was thoroughly looking forward to my first Budget. After all, they used to mean something. However, now I am not so sure. With the big decisions increasingly taken elsewhere, the annual event appears reduced to the theatre of gesture politics. As my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) observed, it is increasingly thin gruel, as last week showed.

As a new Member, I applied three tests to the Budget. First, is it relevant to my constituents? Secondly, does it recognise what is needed to shore up the competitiveness of the British economy in a changing world? I speak as someone who has experienced trying to run a business in Brazil, one of the emerging giants that is set to change the global economy. Thirdly, does the Budget demonstrate that the Treasury is showing sufficient urgency in the face of climate change? I speak as a member of the Environmental Audit Committee, which placed on record only last week our concern about the possibility of institutional inertia in the Treasury in the face of the scientific evidence.

[Mr. Nick Hurd]

On the first test, there are things to welcome, including more investment in reassurance policing, increased focus on youth services and increased investment in child care. There are local concerns about the long-term funding behind that package, but there are things to welcome. However, they are overwhelmed by two key omissions.

First, there is bafflement in the local community at the silence about the national health service. Our local context is that we have two, much-admired hospitals, which have performed extraordinary feats at the cutting edge of cardiac care and cancer treatment. They are Harefield hospital and Mount Vernon hospital. Both face genuine uncertainty about their long-term future against the background of an overriding strategic imperative to cut beds in north-west London. Our primary care trust has a deficit of £30 million and the community is braced for announcements about real labour cuts that will cut deep into the local health community. Hillingdon residents are gradually realising that they can no longer rely on NHS dentistry, with the news that seven out of 10 Ruislip dentists intend to quit the NHS.

Financial crisis in the NHS underlies that theme, at a time of unprecedented investment. My constituents ask where the money has gone, who is responsible for the mess, who will sort it out and how that will be done. Was it unreasonable of them to expect the Chancellor of the Exchequer, the man with his hands on the levers of power, who expects to become Prime Minister, to explain at the Dispatch Box how the problems will be solved? He was quick to take the credit but reluctant to step up to the plate when the going gets tough. It is a test of leadership for a man who aspires to be Prime Minister, and he failed it.

A second concern is a failure to tackle a growing sense of insecurity in the community, especially among elderly people. Anxiety about the value of pensions is wrapped up in that but it is linked with concern about the rising costs of living, especially those associated with people's houses. Much has been made of the council tax, which is biting deeply, but rising utility bills and the costs of energy in the home are being talked about more loudly. Linked to that is confusion about the signals that the Government send about the need to set aside money for long-term savings. There is no more guilty agent of confusion in that mess than the Government's system of pension credit.

I am genuinely surprised at the Government's complacency in the face of the collapse of the savings ratio. I have even heard Treasury Ministers argue that that is a symptom of economic success. My concern arose when I visited the local headquarters of one of our main high street banks to find out what consumer attitudes were to pensions and savings products, and I was told, quite calmly, "We no longer bother to sell them. The public don't want them. They aren't interested, and we don't make any money out of selling them." That is where we have got to. That is the culture, the language and the atmosphere around savings in this country, and I would suggest that it represents a structural problem in the economy that requires more attention than simply chucking some money into child trust funds, however welcome that might be. It is in the Budget's failure to address the two key concerns of health and attitudes towards saving that it fails the first test of relevance to the concerns of my constituents.

The second test is to determine whether the Budget recognises what is needed to shore up the competitiveness of the British economy. It is generally accepted that that competitiveness has in the past been based on low levels of tax and flexible labour markets. It is becoming increasingly clear, however, that the management of the economy is now resulting in significant risks being taken with those advantages, the effects of which we might have to live with for some time.

Other speakers have been more eloquent than I can be in pointing out the fault lines that are becoming increasingly evident: in terms of growth, we are at the bottom of the EU pack; our productivity growth rates are at their lowest levels since 1990; and our business investment is down to 9 per cent. of gross domestic product.

Mr. Love: Does the hon. Gentleman accept that the biggest factor in the competitiveness of the economy is the exchange rate? Given that we are running an enormous trade deficit at the moment, and that the exchange rate has not depreciated, would that not appear to be a reflection of international confidence in our economy?

Mr. Hurd: I accept that exchange rates are a factor in the competitiveness of an economy, but I would suggest that the more important factors are the levels of taxation and the flexibility of the labour markets. That has been proven over time.

When the hon. Gentleman intervened on me, I was going through a checklist of the fault lines in the economy. We must recognise the indisputable fact that we are now living with the highest burden of taxation for 20 years. It is not only the scale of the taxation but its incredible complexity that concerns my constituents. I understand—my Front-Bench colleagues may correct me on this—that some 3,500 pages have been added to the Yellow Book since 1997, which is the clearest possible evidence of the instinct to tinker and to add to complexity. The bottom line is that, when I hear the Chancellor speak, I do not believe that I am listening to someone with any real understanding of what it is like to run a business or to take risks in the pursuit of prosperity and the creation of wealth. That is also the growing view of businesses in my constituency. Another test failed.

The third test involves examining the sense of urgency, and the sense of ambition, shown by the Treasury in the face of climate change risk. This ought not to be in doubt, because I do not think that anyone doubts the Chancellor's sincerity in his mission to reduce poverty in Africa. He must therefore be aware that the biggest risk to that agenda will be the impact of climate change on the poorer regions of this earth. As I have said, the Environmental Audit Committee is concerned about the institutional inertia and lack of momentum at the Treasury, particularly in recent years.

The Budget has not won the Chancellor any new friends among the green movement. Friends of the Earth called it "utterly inadequate", adding that its measures would

"collectively only make a small impact on emissions".

I happen to think that that judgment might be a little harsh, but I have no doubt that we are right to be concerned about the Treasury's lack of urgency and momentum, set against the backdrop of rising carbon emissions in this country.

Climate change presents an immense challenge, and the attitude of the British Government is enormously important, not least in regard to the international process that is key to finding a solution. The problem with that incredibly complex process is that it is going too slowly, and that it is being held back by concerns about the cost of mitigating climate change. In order to accelerate that dialogue, progress and momentum, we need proof that we can grow our economy and reduce carbon emissions at the same time—that we can green and grow. That is the key for harnessing support for these measures in the developing world.

Britain continues to have an historic opportunity to take the lead in making that case, but we need the will to accelerate the technology to deliver a sustainable low-carbon future. A modern, forward-looking, digital Government would be alive to the prospect of being in the vanguard of economic opportunity. They would recognise that the twin concerns of energy security—now very real—and the trend of fossil fuel prices reinforce that imperative. That requires real leadership and clear policy making to send the long-term signals that business men and our fellow citizens need.

Mr. Des Browne: I am listening carefully to the hon. Gentleman, who clearly has an extensive knowledge, no doubt developed from his Select Committee membership. Given the demonstrative leadership role that he wishes the Government to take, can he indicate to the House how he personally will be voting tonight in relation to the revalorisation of the climate change levy?

Mr. Hurd: Personally, I am a supporter of the revalorisation of the climate change levy—

Mr. George Osborne (Tatton) (Con): The answer is no.

Mr. Hurd: I know what the answer is. I happen to believe that the climate change levy has played a role. The Government are deluding themselves, however, if they think that that is the main piece on the chessboard and the bellwether with regard to climate change.

In the context of real leadership and clear policy making, we need long-term signals. Instead, we get muddled reviews—the climate change review announced today, an energy review over the next few months and, perhaps most importantly, the Stern review on the economics of climate change at the end of the year. We get incompetent management of key processes such as the definition of the national allocation plan in the first phase of the European emissions trading system. We get tolerance of inefficient taxation such as air passenger duty and a drift from the impressive momentum that the Government showed in terms of developing environmental taxation in their first Parliament between 1997 and 2001. All that drift, muddle and incompetence has served to undermine the credibility of the Government, who are increasingly seen as being good at words but having real problems, and struggling, with delivery. The test is not words but action. To be fair, the test is not the Budget but the reaction of the Treasury to the Stern review later in the year, which will set out what is possible for a brave Government prepared to show real leadership.

The second test is the inevitable row over the national allocation plan for the second phase of the EU emissions trading system and the age-old dialogue between the priority given to sustainability and the priority given to the arguments of competitiveness. That will tell us the reality of this Chancellor and his aspiration and commitment to preserving and enhancing our natural resources—the natural capital, which is an indispensable pillar of our global system of capitalism, and which we can no longer take for granted. Whether he passes that test or not, the Chancellor and I are at least agreed on one thing—we both hope that last week's Budget was his last.

8.47 pm

Mr. Charles Walker (Broxbourne) (Con): I thank you, Madam Deputy Speaker, for calling me to speak in the first Budget debate that I have attended. I hope that I do not have to listen to 10 more Budgets from the Chancellor, but I listened closely to the one that he gave, I think, last week.

I was going to bring my worst instincts to the Chamber and talk about the fact that there was nothing in the Budget on pensions, as many of my constituents live in fear of their future—both those who are saving for retirement and those currently in retirement. There was nothing on council tax—a hidden stealth tax that goes up year on year, causing great distress to young and old alike in my constituency. I was going to talk about the problems with transport funding and the fact that my constituents are packed on to trains early in the morning on the One railway franchise as the Treasury pockets £50 million a year in franchise fees and fails to invest that money on the network. But I say, "Get behind me Satan," because I want to be positive this evening, on issues that matter to everyone in the House, including the hon. Member for Doncaster, North (Edward Miliband).

I was absolutely delighted to hear the emphasis placed on education in the Budget. I have had the great privilege of visiting my primary and secondary schools in Hoddesdon, Cheshunt, Broxbourne, Waltham Cross and Northaw. It is the head teachers who make a difference in those schools. We are lucky and blessed to have excellent head teachers in my constituency. They work extremely hard for a great deal less money than I earn, put in a huge number of hours and are a credit to their schools and the community that they serve. On that point, I welcome the additional funding going directly to head teachers to spend on the things that really matter to them—IT, books and additional teaching resources. That money is very welcome, and I have to say that things have improved since Labour came to power nine years ago. Admittedly they should have improved, as Labour has spent a lot of money. When I visit my schools I see whiteboards and projectors, all of which have added to the educational experience of young people in my constituency. Nevertheless, that has created problems in itself, although I know that the budget was not there to deal with those problems. People are moving out of north

[Mr. Charles Walker]

London and gangs are regularly attacking our schools, stealing much of the equipment and creating a very hostile environment for young people. Perhaps that is happening in other Members' schools, and perhaps we could consider securing additional funds somewhere down the line to improve school security and the environment in which young people are educated.

One thing that I have noticed when touring my constituency—

Mr. Des Browne: Will the hon. Gentleman give way?

Mr. Walker: I will happily give way.

Mr. Browne: I am glad that the hon. Gentleman gets around to touring his constituency. May I allow him an opportunity to welcome comprehensively the Chancellor's announcements of further investment in his constituency? Given his recognition of the need for further investment in the security of our communities, I am sure that he will wish to add a welcome for the investment in community support officers that the Chancellor also announced.

Mr. Walker: Of course I welcome additional investment in my constituency, if indeed it turns up. It is interesting that the Chief Secretary mentioned community support officers. I am working with a consortium of schools in my constituency, considering the possibility of part-funding CSOs to provide evening cover so that people who congregate around schools, wishing them harm and causing vandalism, can be moved on. I welcome any additional resources that we can find to finance community support officers.

As I was saying, one thing I have noticed is that the greatest difference between the private and public education sectors is class size. I believe that many of our public schools now have extremely good IT equipment and teaching facilities, but class size seems to be one of the key determinants of performance. I would welcome any measures introduced by the Government—or by our Government, when we win the next general election—that reduced class sizes and gave children from some of the most deprived parts of my constituency an even greater chance of achieving success. I do not believe that that wish is party political; I believe that it is shared by all the parties. We want the very best for our young people.

Having got that off my chest, however, I would like to be party political. Like many other Members—again, across the Chamber—I was extremely disappointed that the health service did not get a mention in the Chancellor's Budget statement. We have huge funding shortfalls in Hertfordshire, caused by and large by Government mismanagement. There is, for instance, the mismanagement of GP and consultant contracts, as a result of which too much money has been given in return for too little. Of course I want GPs and consultants to be paid properly, but the money should have been based on an increase in output and productivity.

What concerns me about Labour Members is all the chest-beating about the fact that they are spending more money. They are like the great apes that leap in, bang the ground and bang their chests. It is not about spending more money; it is about a return on investment. It is about output exceeding input. On that score, the Government have some work to do. Yes, they are spending more money, but are they securing a proper return on their investment for taxpayers across the country and in my constituency?

In the health service, we face significant front-line cuts throughout my constituency and across Hertfordshire. As I have said, we have huge deficits in our hospitals, but what concerns me most are the cuts in mental health services that affect the most vulnerable people in my community.

A health care professional asked me, "Why are you showing so much interest in mental health? As you'll find out, Charles, there are no votes in mental health." That is completely wrong, and I am sure that most hon. Members think so, too. Of course, I want outcomes for breast cancer and heart disease to improve, but people with mental health problems need a strong voice as well, and it is incumbent on hon. Members to give them that voice. I urge the Chief Secretary to look at NHS funding. I appreciate that there is no bottomless pit, but the £800 million shortfall is damaging the most vulnerable people in our society. They are not responsible for the problem, but they will pay the price. That causes me great concern.

So I come to a solution. May we perhaps consider clawing back some of the money that we will give to the European Union in the years ahead? I understand that we will make additional contributions to fund the lifestyle of French farmers. I love France; I love French markets, but given the fact that our health service is in financial crisis, is it really justifiable to give more money to the EU and to some of the richest countries in Europe? That is a hard sell in my constituency, and I imagine that it might be quite a hard sell in other hon. Member's constituencies. So thank you, Madam Deputy Speaker, for allowing me this canter through the sunlit uplands of Broxbourne. I have thoroughly enjoyed it. I hope that I have not upset too many people.

8.56 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): The hon. Member for Broxbourne (Mr. Walker) has given us a real insight into his constituency, and the idea that lots of people are running away from those schools with whiteboards under their arms is a fantastic one to envisage.

Mr. Walker: It is a very serious problem. My children's school has been hit twice in three weeks. Almost a dozen schools in my constituency have been raided repeatedly and their IT equipment has been taken, and it does the hon. Gentleman no service to make light of that in the debate.

Mr. Willis: I feel utterly chastised, and I apologise.

I left the debate earlier this evening to attend a reception with the right hon. Member for Sheffield, Brightside (Mr. Blunkett) and Lord Crathorne. We are working with a group of young people who are blind. Most of them are also deaf, and many of them also have physical impairments. Returning to Budget debates should make us recognise the fact that the reality of

what we are debating is an attempt to make people's lives better in our communities, wherever they are. I pay tribute to the Economic Secretary, who is sitting next to the Chief Secretary, for the support that he gave to Henshaw's college when he was a Minister in the Department for Education and Skills. I thank him for delivering on a promise that the Government made to put about £2 million into that project, and I do so with great sincerity.

I should like to concentrate my brief remarks on science. This was a Budget for science. Whatever we might think of other bits of the Budget, science came out of it very well indeed. The additional supply of science teachers, the offering of pure sciences to more young people, new support for carbon capture and storage, replacing the research assessment exercise system and extending R and D tax credits were all things that I support, and my Committee—the Science and Technology Committee—was very supportive of those things, too.

This was a somewhat unusual Budget. I, for one, was surprised by the extent of the changes in the Budget, and the associated "Science and innovation investment framework 2004–2014: next steps" reads more like a science White Paper than a Budget document. I do not think that I was the only person who was surprised by the announcements. They came as news, for instance, to organisations that will be affected by them. It appears that the Particle Physics and Astronomy Research Council, the Medical Research Council and even some parts of the Office of Science and Technology were informed of the changes announced in the Budget only the day before. It seems that the Chancellor cannot wait to put his plans for science and technology into action and that he has even taken responsibility for reorganising the research councils. So if the Chancellor is now running science policy, I wonder what the Minister for Science and Innovation and the Office of Science and Technology have left to do.

However, the real issue behind some of the changes announced in the Budget is: who in the Government is monitoring the UK's science capacity, and where and how? In the past couple of weeks, we have been debating the closure of the chemistry department at the university of Sussex and the loss in the past two years of four major chemistry departments, which produced the very chemistry graduates who will be among the 3,000 such teachers in our schools in a few years' time. I wonder who is monitoring the situation. It certainly is not the Higher Education Funding Council, which told my Committee last night that it had absolutely no plans to intervene in what is clearly a dire situation.

We recognise the huge investment that has been made in science—the £10 billion provided in this comprehensive spending review is massive additional funding—but although the money is going in, there remains a Luddite approach to many of our world-class science facilities. The Silsoe research institute, which has world-class expertise in agricultural engineering, and the Hannah research institute, which deals with nutrition, will close this Friday. Four Centre for Ecology and Hydrology institutions will close next year, at a time when environmental science should be at the heart of our agenda, instead of being trimmed at the margins. In the past 10 years, one in three science posts in publicly funded institutions have gone. I hope that the Minister will explain in his wind-up who is doing the planning for science. Who is pulling it all together and looking at a strategic science base for the UK?

I do not dispute the right of research councils to say that we do not need a particular element of science in this or that institute; nor do I question the fact that at times institutes will have to close. What I do question is the complete lack of a science plan outlining the capacity that we need in the coming years.

The replacement of the RAE system was a welcome announcement. It was handled well and I compliment the Government not only on getting rid, eventually, of the RAE system, but on introducing the new metric system and running the two systems side by side. However, what our universities do not want—I hope that the Minister will take this point on board—is to be running a full RAE system in 2008 and a full new metric system at the same time. Frankly, that would simply undermine much of what has to be done.

The really interesting announcement in the Budget was the reorganisation of research institutes. We Liberal Democrats and my Committee are pleased that the wealth of information in the NHS database will be used for research purposes, but where did the announcement on combining the Medical Research Council and the NHS database come from? Who will lead the organisation? Will it be Sir Colin Blakemore, or somebody brought in through open competition? What resources will the organisation have? The Chancellor mentioned a figure of approximately £1 billion, but the amount spent on the MRC and on the NHS database combined comes to £1.3 billion. So does this constitute a cut in medical research funding? It would be interesting to have an answer to that.

Finally, will the Minister say what is happening with the restructuring of this country's eight research councils? It seems that the Treasury is doing something that nobody else knows about. It is proposing that the Particle Physics and Astronomy Research Council surrender its grant-giving duties to the Engineering and Physical Sciences Research Council, and that it then merge its facilities with the Council for the Central Laboratory of the Research Councils, creating a new "large facilities council". Whatever the proposal's merits—I accept that there are some—surely Research Councils UK should be doing such planning, not the Chancellor sat in the Treasury. Perhaps the Minister can reassure us on this issue.

Overall, however, this is a Budget for science that is to be welcomed, and it certainly will be appreciated in the science community.

9.4 pm

Mrs. Iris Robinson (Strangford) (DUP): I apologise for not being in the Chamber for the whole debate, Madam Deputy Speaker; as you know, the Northern Ireland Grand Committee met this afternoon at 4.30.

In the limited time available, it is difficult to highlight the most important aspects of the speech I had prepared. Many thousands of manufacturing jobs have been lost in my constituency, but I want to flag up the serious situation of the multimillion pound fishing industry.

Northern Ireland fishermen have been told that they will receive no moneys for the 11-week closure of fishing in the Irish sea, pursuant to the cod recovery scheme,

[Mrs. Iris Robinson]

which is now in its seventh year and runs from mid-February until the end of April. As the House will appreciate, that announcement caused much alarm to fishermen, processors and their families and to local communities that rely on the fishing industry. Council regulation (EC) No. 2792/1999 governs the payment of compensation, and aid was paid under it in 2004 and 2005.

This year, we pressed for the renewal of aid to fishermen in Northern Ireland, and on 31 January 2006 my colleague Jim Allister, MEP, received from the Minister with responsibility for agriculture and rural development a letter indicating that payments beyond two years were prohibited by EU regulation. My colleague disputed that and invited Commissioner Borg to give the Commission's view about the regulation. On 8 March 2006, Dr. Borg wrote to our MEP saying that although the regulation capped compensation at a cumulative total of 12 months, in Northern Ireland payments had been made only for five months so seven months' compensation was still payable by the national Government, and could be spread over several years. Will the Government consider the modest request that £800,000 be allocated to allow suffering Northern Ireland fishermen to survive?

The hon. Member for Cheltenham (Martin Horwood) referred to the home computer initiative. I received a letter from a constituent, Philip Norton of Ballygowan, who said:

"By scrapping the Home Computing Initiative—a tax incentive introduced in 1999 and further clarified and enhanced in 2003 to enable greater take-up of PCs in the home—the Chancellor has removed one of the most popular and successful initiatives he has created in his time in power, and one that is still running in several countries throughout Europe."

He pointed out that only 10 days were left to sort out the matter, and he would appreciate it if the decision could be reconsidered and, if possible, reversed, as it will have a huge impact throughout the United Kingdom.

I welcome the planned reduction in the number of health trusts and boards in Northern Ireland under the public administration review. I hope that will result in the release of moneys that can be ploughed into front-line services. I have some real concerns about whether the changes can be rolled out without too much upheaval for staff and patients, but time alone will tell.

For a change, I want to record my delight about recent announcements about additional moneys for Herceptin for women suffering from breast cancer and the additional £2 million for beta interferon for multiple sclerosis sufferers, to end the postcode lottery among the Province's health boards. The latest announcement about anti-TNF drugs is a life-saving decision for many sufferers of rheumatoid arthritis, which is a crippling disease. We need ring-fenced funding for those drugs, so that no one who needs them loses out in future. In the past, people have been denied them simply because of where they happened to live.

With nine other MPs from across the UK, I had the pleasure of participating in a meeting with rheumatoid arthritis sufferers to help to compile a book highlighting their experiences with and without anti-TNF drugs. I met a young woman, Hazel Mark, who started showing symptoms of rheumatoid arthritis at the age of 11. She is now in her late 20s or early 30s and has been on Remicade for approximately one year. The transformation in her life has been miraculous. The things that we all take for granted, such as opening cans, lifting a baby and just being able to get out of bed, are now possible for Hazel. On behalf of people suffering from rheumatoid arthritis, I thank Ministers for the welcome news about anti-TNF drugs.

I also want to place on record my thanks for the additional £14.6 million, which the Minister for social development in Northern Ireland has made available for community funding. I had a meeting with him yesterday in my constituency. The news is welcome to the various women's groups throughout Northern Ireland, which will now be in a position, at last, to try to draw down that much-needed funding. The women's centres have been the sticking plaster of local communities throughout the years of the troubles. They do an amazing job in relation to education, preparing women to go back into the workplace, providing crèche facilities and so on. I pay particular tribute to the Ballybeen women's centre, which has done such sterling work over 20-odd years. I am glad that it will not have to go cap in hand looking for funding from various sources, but can avail itself of that much needed money to secure the work that it does in my constituency and throughout the Province.

9.11 pm

Sammy Wilson (East Antrim) (DUP): Since there appear to be no more Labour Back Benchers waiting to speak—indeed, the Chancellor has not been praised for the past half an hour or so—I suppose that I should start by giving some praise to the Chancellor for the work that has been done over the years. It would be churlish not to say that, in Northern Ireland, we now have the lowest rate of unemployment and are the fourth fastest growing region in the United Kingdom, and that there have been economic successes. I am not looking for a job, so I can say that without anybody saying that I have an ulterior motive.

I fear, however, that the tightening that is hidden behind the Budget will affect that situation. Already we see the fiscal grip tightening on Northern Ireland. Regional rates have gone up, water charges are to be introduced and we are to have a charge for policing. Much of the economic success will be badly affected by the hidden tightening in the Budget. The Budget shows that the Government will face difficulties in the years ahead.

Let us consider the meaning of the Budget for the United Kingdom as a whole. Perhaps the clue was in the give-away line when the Chancellor compared himself to Nicholas Vansittart. He may well have been looking back longingly to the days when that Chancellor was able to get 39 resolutions through without any opposition. There were no Back-Bench revolts and there was nobody on the other side opposing the resolutions. On the other hand, Nicholas Vansittart was known for increasing the tax burden, complicated financial schemes for hiding the size of the national debt, paying considerable attention to affecting supposed economies and, of course, privatising naval and military pensions. Perhaps that is the real picture that we get from the Budget and the real picture of the current Chancellor.

I want to make three brief observations. Amid the financial machine-gun effect, with £100 million here, £20 million elsewhere, £15 million for microgeneration of energy, new boards for technology, and enterprise networks—those things will be rolled out—there are a number of worrying messages in the Budget.

The first message is that when the Chancellor says that he gives, it does not necessarily mean that we receive. He announced that there will be more direct payments to schools, with the money for primary schools going up by £13,000 a school and money for secondary schools increasing from £98,000 to £152,000. He said that the same increases would be announced for schools in Scotland, Wales and Northern Ireland, but when the Secretary of State made the announcement for Northern Ireland, we found that a sum of £16 million would be spread among nearly 1,000 schools, but that does not work out at £13,000 a primary school and £54,000 a secondary school. I suspect that there is a lot of spin in the Budget and many initiatives that are simply regurgitations of money that has already been spent, and I could give further examples of that.

Secondly, more money does not mean better services. I heard Labour Members taunting Opposition Members who wanted tax cuts by asking how they could have tax cuts without cutting services. The fact of the matter is that since the Government came to power in 1997, with "education, education, education" as their agenda, there has been a 47 per cent. real increase in education spending, yet the Chancellor lamented in the Budget that there are still underachieving schools, people leaving school who need a second chance to get further education and A-levels and schools in which there are insufficient science teachers. Spending money has thus not necessarily improved services. In many cases, spending money has simply bloated bureaucracy. If the structures are right, it is of course possible not to take more in tax, yet still improve services. We had this debate on education the other week. If the right structures are in place, improvements can be made to services, even with less money.

Thirdly, if problems are identified, it does not mean that answers are given. The Chancellor talks about the need for enterprise and a competitive economy. We know that in Northern Ireland because we are heavily reliant on the public sector. We have an open and small economy that does not have internal economies of scale, so we have to export and thus must be competitive. During the years of the troubles, entrepreneurs were forced out by gangsters and so on, so we lost the enterprise culture. The problems have been identified, but I do not see much in the Budget to address them. If anything, the enterprise culture will not be stimulated, and let me give one example to explain why. The tax burden on local companies will increase. The Chancellor could have considered reducing corporation tax—we have seen the success of that elsewhere—but he did not, even though there was consensus about it and evidence that it could have led to an improvement.

I know that my time is nearly up, so I will conclude by saying that the Budget is not expansionary and will not address the problems that the Chancellor identified. Other hon. Members have pointed out that he has walked away from the great problems that face us, such as pensions and health. Many of the burning problems that the Government should be addressing have not been dealt with in the Budget, so although I accept that there have been successes, I have no hesitation in saying that this is not the Chancellor's best Budget. The Budget will not address the problems that face us.

9.19 pm

Mr. George Osborne (Tatton) (Con): The right hon. Member for Darlington (Mr. Milburn) urged me to be generous to the Chancellor, even if he is not here. Let me begin by congratulating the Chancellor, in his absence, on the delivery of his 10th Budget. It is an undoubted achievement. He has beaten a record set by Lloyd George in a week in which the Prime Minister has returned us to the politics of Lloyd George.

We have had a good final day's debate, although I am sorry that Labour ran out of speakers about halfway through. The Secretary of State for Trade and Industry, who is not here now either, trotted out the Chancellor's litany of bogus statistics on investment, research and development, and productivity, and my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) and my hon. Friend the Member for Rutland and Melton (Mr. Duncan) comprehensively demolished each one of them in their robust contributions.

How on earth can the Chancellor claim that research and development is going up when the day after the Budget figures are produced showing that R and D levels are down? How on earth can he claim that business investment is up when his own Red Book revises down the forecasts for business investment and when business investment levels are at a record low? How on earth can the Government claim seriously that productivity growth is up when everyone knows that it has slumped?

There was an argument about which measure we should use for productivity growth. I am happy to use the one that the Chancellor himself used in 1998, based on output per worker, when he said that it was the

"fundamental yardstick of economic performance".

On that yardstick, he has fundamentally failed. Productivity growth is one fifth the level that he inherited. That must in part explain the sluggish growth that my right hon. and learned Friend talked about. *[Interruption.]* I welcome the Chancellor to his place. The 1.8 per cent. growth last year was below the EU average, the Organisation for Economic Co-operation and Development average and the G7 average.

We had other good contributions. I enjoyed those from the hon. Members for East Antrim (Sammy Wilson) and for Strangford (Mrs. Robinson). My hon. Friend the Member for Gainsborough (Mr. Leigh) has been Chairman of the Public Accounts Committee for years, and I was one of his underlings on that Committee. He described how impossible it is to measure the Government's claims on Gershon, and the National Audit Office report on that is striking. My hon. Friend proposed getting the Comptroller and Auditor General to audit Opposition efficiency plans. I am happy to consider the idea, although I suspect that Sir John has his work cut out trying to get to the bottom of the Government's efficiency plans.

My right hon. Friend the Member for North-West Hampshire (Sir George Young) drew attention, as my hon. Friend the Member for Rutland and Melton and others did, to the decision to abolish the scheme that has

[Mr. George Osborne]

given 500,000 people computer laptops. My right hon. Friend described it as the action of an analogue politician—a very good phrase. We will vote against that measure. Perhaps the Minister for Industry and the Regions, who was in the Chamber earlier, will join us, because only a few weeks ago he said that the scheme was a great example of what can be done when the Government and industry work together. If he works with us, we can stop it being abolished.

My hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) gave a spirited defence of his beloved Royal Shrewsbury hospital, and dairy farmers, in the presence of the Chancellor himself. I understand that my hon. Friend the Member for Peterborough (Mr. Jackson) pointed out that there was nothing in the Budget speech for carers or manufacturing. My hon. Friend the Member for Ruislip-Northwood (Mr. Hurd) gave an excellent speech on the Government's failure to address the seriousness of the environmental challenge that we face. Of course, when we look in the Red Book we see that the proportion of taxes raised through environmental taxation will fall as a result of the measures introduced by the Chancellor. My hon. Friend the Member for Broxbourne (Mr. Walker) became almost religious in his enthusiasm for his constituency, but he also drew attention to the serious problem of crime against schools.

I hope that I shall not offend my right hon. and hon. Friends when I say that the most interesting speech was made by the right hon. Member for Darlington. He chose not to talk about the 700 job losses at the County Durham and Darlington Acute Hospitals NHS Trust announced last week. Instead, he focused his fire on the Chancellor's poverty policies.

The right hon. Member for Darlington is a practised assassin. He began by covering his tracks by lavishing praise on the record of the Chancellor, then he stuck the knife in. He called for "direct targeted tax cuts for low-income families"—but he knows that that is exactly the opposite of the strategy pursued by the Chancellor of the Exchequer, who explicitly rejected tax cuts in the Budget. He knows that his speech will be seen alongside that of his colleague, the right hon. Member for North Tyneside (Mr. Byers), who attacked the Chancellor's extension of means-testing in yesterday's Budget debate. He hopes that his speech will be reported in the press tomorrow, because he was circulating it to the press lobby before he delivered it in the House. I am not a Kremlinologist, so I can only guess what those two arch-Blairites are trying to achieve.

All is not well in the state of the Labour party, and the most charitable view is that, like the Minister for Higher Education and Lifelong Learning, they believe that taxes are so high that

"we are probably at the limit of what people are prepared to pay".

Bang goes his job in the next Administration.

Mr. Brooks Newmark (Braintree) (Con): He will lose his seat as well.

Mr. Osborne: Yes, the hon. Gentleman will lose his seat at the election. However, he is right: we have a record tax burden, higher than at any time in our history. It is higher than the last time we had a Labour Government, when half the country was on strike. Instead of following the advice of the right hon. Member for Darlington and reducing taxes, the Budget increases taxes still further. Some £4 billion of taxes on businesses and North sea oil were pre-announced in the pre-Budget report, the zero per cent. corporation tax rate that the Chancellor himself trumpeted in his 2002 Budget has been abolished, and there are iniquitous retrospective changes to inheritance tax. All those tax changes, and 25 others, were absent from the Budget speech, as my right hon. Friend the Member for North-West Hampshire pointed out, but they will all add to the complexity of the tax system.

Despite that considerable tightening, to which my right hon. and learned Friend the Member for Rushcliffe drew our attention, the Chancellor is still running a budget deficit. It is an extraordinary achievement to have record taxes but still run a budget deficit—and it is getting worse. In the Budget, the Chancellor doubled his estimate for next year's budget deficit from the one that he made just three months ago. He confirmed that he is set to borrow £175 billion over the next six years. He has mortgaged not just today's taxpayers but tomorrow's, too.

Ed Balls (Normanton) (Lab) *rose—*

Hon. Members: No!

Madam Deputy Speaker (Sylvia Heal): Order. It is for the hon. Member for Tatton (Mr. Osborne) to decide whether to accept an intervention.

Mr. Osborne: I am afraid that the hon. Member for Normanton (Ed Balls) has not attended today's debate, and he has not given a speech in the Budget debate. I will accept an intervention from the organ grinder, but I will not take one from the monkey.

Hon. Members: Hurrah!

Madam Deputy Speaker: Order. May I remind all hon. Members, before they become overexcited, that good temper and moderation are the hallmarks of parliamentary language?

Mr. Osborne: No one doubts that the Chancellor has spent a great deal of other people's money, but the question is: where has the money gone? The Chancellor may not have wanted to talk about the NHS on Budget day, but the rest of the country was doing so. On the same day as he delivered the Budget, the Royal Free hospital announced 500 job losses; the day after, Darlington hospitals announced another 700 job losses. A total of 4,000 NHS job cuts have been announced in just three weeks. In public the Chancellor blames just a few bad mangers, but everyone knows that in private he and his cabal blame the Health Secretary.

Ed Balls *rose—*

Mr. Osborne: If the hon. Gentleman will confirm that point I will happily give way to him.

Ed Balls *rose—*

Hon. Members: Answer!

Madam Deputy Speaker: Order. Perhaps the hon. Gentleman can reply.

Ed Balls: Can the hon. Member for Tatton (Mr. Osborne) confirm that he proposed to undermine the independence of the Bank of England and of the Governor by making Bank of England executives a minority on the Monetary Policy Committee? Why would he undermine the Governor of the Bank of England?

Mr. Osborne: I support Bank of England independence and, like the Chancellor, I am looking at ways to entrench it still further. I enjoyed the *New Statesman* interview with the hon. Member for Normanton, in which he described himself as a socialist. He said that the finances of the Secretary of State for Culture, Media and Sport were baffling, and that the Secretary of State for Education and Skills had not handled the Education and Inspections Bill very well. I suggest that he spend more time trying to win friends among those on the Labour Benches than trying to intervene on us.

The situation in the NHS is not the fault of the Secretary of State for Health. The fault lies at the Treasury. The Chancellor of the Exchequer provided the money, but he blocked the reform that would have made the money count. NHS productivity has fallen year on year. Three quarters of the money has disappeared in cost pressures. Now we have close to £1 billion of deficit and thousands of job losses.

The NHS is not the only thing missing from the Budget. There is not a word on the pensions crisis brought about by the Chancellor's £5 billion pension tax and his extension of means-testing. I hope that he reads the speech made yesterday by the right hon. Member for North Tyneside, who said in the House:

"I do not think that, when we come to consider a new regime for pensions, we can continue as we have since 1997."—[*Official Report*, 27 March 2006; Vol. 444, c. 613.]

Does the Chancellor agree with his former Chief Secretary? We do not know.

As my right hon. Friend the Member for North-West Hampshire pointed out so powerfully, there was no mention in the Budget speech or the Red Book of the decision to cancel the £200 council tax rebate. My right hon. Friend is right. The Chancellor talks about restoring trust in politics and gives speeches on the subject. How much more dishonest can one get than announcing before an election that pensioners will get a £200 cheque, then withdrawing it without a word of explanation after the election? I guess it is just the Chancellor's own special way of helping the Prime Minister with his local election campaign.

The Chancellor should at least tell Labour councillors what he is up to. This weekend, after the Budget speech, the leader of the Labour group on Lambeth council wrote to a Mr. Patrick McLoughlin of Kennington Park road, London. A copy of the letter has mysteriously fallen into my hands. It comes with a glossy leaflet—it is interesting that the Prime Minister's picture does not appear on such leaflets any more. Under the heading "What will Labour do?" it states:

"We will:

Press the Government to provide more help for pensioners to pay their council tax bills."

No doubt the leaflets are being pulped as we speak. Labour says one thing in the Chamber and another thing outside. It makes the Liberal Democrats look like amateurs—which is not very difficult with the new leader of the Liberal Democrats.

Of course, the Chancellor did mention education. It is striking that hardly a single Labour Member who spoke today mentioned the great pledge to raise state school spending to private school levels. That was supposed to be the centrepiece of the Budget, but where is the timetable? How much will it cost? Over what level is spending to be increased? The Chancellor never told us that the Prime Minister made exactly the same pledge five years ago. There we have it—the first great statement of what a Brown premiership would do, and it turns out to be a reheated broken promise from the high days of the Blair premiership. I have a depressing feeling that this is the shape of things to come.

Mr. Ian Austin (Dudley, North) (Lab): I noticed that in the interviews that the hon. Gentleman gave, responding to the Budget last week, he refused to say whether he would support our pledge to increase spending on the state education sector. Does he agree with the shadow Chief Secretary, who admitted on Budget day that the Conservative spending plans would "certainly" mean spending less than Labour, and that more spending is not the answer?

Mr. Osborne: If the hon. Gentleman is going to take a hand-out question, he should pick a better one.

The Chancellor does not understand that education is about not only additional money, but reform. *[Interruption.]* We have matched the additional spending next year, and we have matched the capital spending, which is nothing like the £34 billion figure that the Chancellor has mentioned; according to the Institute for Fiscal Studies, the figure is more like £1 billion. We want to see education reform, and we now know that it can be delivered only with the support of this side of the House.

While we are on the subject of education, why did the Chancellor not tell us more about his youth national community service scheme? For some reason, he did not find time during his one hour at the Dispatch Box to mention the fact that he has just appointed a new chairman of the scheme, so I shall make the announcement for him. The new chairman is a Mr. Rod Aldridge—a well-connected individual. In fact, he is so keen to get on with the job that he resigned from Capita the very next day.

Six years ago, the Chancellor embarked on his great experiment of abandoning prudence. He decided to increase public sector spending hugely, while blocking the reforms that were necessary to make sure that the money got to the front line. Six years later, if you want to see the result of what has happened, Mr. Deputy Speaker, listen to the Prime Minister's own special adviser on public services, who has worked at the heart of No. 10. When he was on "Panorama" two weeks ago, he said this:

"We're pouring money into the health service. We're pouring money into the education system. But we are not getting the quality of services that we expect. I think we're in a pretty disastrous situation".

[Mr. Osborne]

That is the next door neighbours' verdict on the record of No. 11—which is, of course, the subtext to the whole Budget.

This is a battle over who is in charge of Labour's sinking ship. We have a Prime Minister on the other side of the world who admits that he was wrong to say that he was going, and we have a Chancellor who hardly dares leave the country in case he misses his chance again. So the Chancellor sits there reannouncing old promises on education, taxing more and spending more, painfully aware that so much money has been wasted.

We are told that, unlike the Prime Minister, the Chancellor and his cabal are keen on establishing clear dividing lines with their opponents. Well, those dividing lines are emerging. We have a Chancellor who is addicted to taxation, and a growing consensus—which includes the right hon. Member for Darlington (Mr. Milburn)—that higher taxes undermine aspiration and damage Britain's ability to compete. We have a Chancellor whose answer to everything is to spend, and a growing consensus that money alone is not the answer. We have a Chancellor who opposes reform, and an alliance in this House that will vote reform through. We have a Chancellor who describes himself as "a socialist", and a country that knows that a return to tax and spend socialism would bring this country to its knees. This Budget should have prepared Britain for the new global economy. Instead, we have a Chancellor who is stuck in the thinking of the past, when the country needs a modern, compassionate Conservative party, changing to meet the challenges of the future.

9.38 pm

The Chief Secretary to the Treasury (Mr. Des Browne): We have had four days of comprehensive and informative debate—at least until the last 20 minutes. It is a pleasure to respond to the debate, and I shall endeavour to deal with as many points raised by hon. Members as I can in the time left to me.

Last Wednesday, my right hon. Friend the Chancellor stood here and spoke for an hour or more on the specific policy implications of the Budget. He was responded to by the Leader of the Opposition, who shouted from the Dispatch Box for all of eight minutes. As I sat here—

Mr. Patrick McLoughlin (West Derbyshire) (Con): This is the punch line.

Mr. Browne: Perhaps I should—[HON. MEMBERS: "More, more!"] It appears that both Chief Whips and shadow Chief Whips sometimes do not know when to keep quiet—*[Interruption.]* Perhaps the shadow Chief Whip could moderate his tone.

The Budget debate will be remembered by many as the one in which the contributions from Back Benchers, even when limited to 10 or 12 minutes were longer than the total contribution by the Leader of the Opposition. So there was to be no more Punch and Judy politics. As we have learned over the last few days, old Tory traits have not gone away. Disappointingly, we have had more of that today from the shadow Chancellor, the hon. Member for Tatton (Mr. Osborne). But perhaps I should not have been disappointed by the lack of substance from him. Over the weekend I took the opportunity to read his diary in *The Observer*. I learned that in the week of the Budget he did several things. He spent considerable time with his children, for which I commend him. He was also reminded that he spent his teenage years watching sumptuous E.M. Forster adaptations, among other things. However, I scanned his contribution in *The Observer* carefully for the day of the Budget and found nothing, apart from the fact that he sat beside the Leader of the Opposition, who was assailed by a wall of sound.

This has been a revealing debate and I especially welcome the shadow Chief Secretary, the hon. Member for Chipping Barnet (Mrs. Villiers) to her place. I feared last week that she had done a Letwin—I beg your pardon, Mr. Deputy Speaker, I mean I feared that she had done a right hon. Member for West Dorset (Mr. Letwin)—by exposing Tory cuts and then disappearing into the ether. Despite her absence, she certainly made a contribution to the debate, not least on the matter of our investment in education. As she has been reminded more than once, when asked on "Sky News" last Wednesday whether her reaction to the Government's spending meant that the Tories would be spending less, she replied, "It would, certainly." Later that day, when challenged by my hon. Friend the Member for Normanton (Ed Balls) to match our Budget commitment on education spending, the shadow Chief Secretary refused and replied, "That's not the answer."

The Opposition were on a roll, because the shadow Chancellor, in interviews, then refused to support her announcements on capital spending and on state school spending. Later that evening, on "Newsnight", he could not mention any measure in the Budget that he supported. The next day, the hon. Member for Wycombe (Mr. Goodman), the shadow Minister for child care, said:

"Of course we support the goal".—[*Official Report*, 23 March 2006; Vol. 444, c. 508.]

Better yet, the shadow Secretary of State for Education and Skills said yesterday

"we accept the increase in school spending and the capital spending pledge."—[*Official Report*, 27 March 2006; Vol. 444, c. 649.]

It is flip-flops all round. First, they want cuts, then they are confused, then they do not want cuts and finally they support our spending plans. What does the shadow Chancellor say now, when offered the opportunity to support our plans? He is unable to answer the question—*[Interruption.]*

Let us look at climate change. For the past six years the Opposition have refused to support the climate change levy, which has cut carbon emissions by 28 million tonnes—*[Interruption.]* Today, they announce—

Mr. Deputy Speaker (Sir Michael Lord): Order. The House must listen to the Minister who is responding to the debate.

Mr. Browne: Thank you, Mr. Deputy Speaker. Today, they announce that they will not vote against the Budget measures on the climate change levy—they have changed their mind and are flip-flopping again.

However, I wish to be fair. The Opposition have one economic policy that we know of, and that is their third fiscal rule. It is that over the economic cycle, and regardless of the needs of the economy or the country, public spending and investment must, as a matter of principle, always rise slower than growth. Indeed, today the hon. Member for Rutland and Melton (Mr. Duncan) described our rejection of the third fiscal rule as the dividing line between us. He is correct about that, because it would mean public spending £17 billion lower in the coming year and £16 billion lower in the year after. It would mean cutting spending in schools, cutting it in hospitals for doctors and nurses, cutting it in our transport system, and cutting our ability to invest in science and innovation. On the day after the Budget, the shadow Chancellor even said—on GMTV, no less:

"When there's a general election we will start reducing the share of national income taken by the state."

We know what that means—cuts.

Daniel Kawczynski: Some of us who actually participated in the debate raised serious issues to do with our constituents, particularly farmers in Shrewsbury and senior citizens. Will the Minister talk about the problems that our constituents are going to face instead of just criticising Tory shadow Ministers?

Mr. Browne: Of course, the hon. Gentleman, like many of his hon. Friends, made a bid for more money. I have to say that those bids for more investment were completely ignored by his Front Benchers. Of course they were, because how can they offer him more investment for his farmers or anybody else when they are planning cuts in public spending? That is the important point. They are planning cuts in public spending while every other Conservative Member, for one reason or another, calls for increases in spending.

Several hon. Members *rose—*

Mr. Browne: Let the House have no doubt that this Budget sets out how we on the Government Benches will equip Britain for the future. It sets out how, building on a platform of stability and growth, we can invest in the skills and services—

John Hemming (Birmingham, Yardley) (LD) *rose—*

Mr. Deputy Speaker: Order. Hon. Members must not keep standing if the Minister is not going to give way. It is for him to decide whether he is going to do so, and it would be helpful if he would indicate that.

Mr. Browne: I am not going to give way at the moment, Mr. Deputy Speaker.

We can invest in the skills and services that we need to face the challenges and to grasp the opportunities of our global economy. This Budget is not about the past—it is about the future and long-term British success. It is about our clear ambition for Britain for success built on economic stability and growth. We have had 54 quarters of consecutive growth. I might remind the House that we have had the longest expansion in British history, with inflation at a 2 per cent. target, interest rates at a sustained low, and stable growth enabling British business to expand, leading to record employment, with some 2.3 million more jobs since 1997.

This Budget equips our country for the future, investing in education, science and enterprise, and facing up to the global challenge of climate change. It is our approach, based on economic stability, with the proper balance between spending and borrowing, that is the right way to go. The Budget takes the right decisions to equip Britain for the future.

Mr. Bernard Jenkin (North Essex) (Con) *rose—*

Mr. Browne: After I have taken an intervention from the hon. Gentleman, I will come to some of the individual points made during the debate.

Mr. Jenkin: Can the right hon. Gentleman explain why it is possible for countries such as Ireland and Denmark to reduce public spending as a proportion of national income and to continue increasing public spending in gross terms, whereas it is impossible for that to be achieved in this country?

Mr. Browne: We are in this country increasing spending and investment, and both are generating growth in the economy. I have to say that the people of Denmark and Ireland did not have 18 years of Tory Government and a lack of investment in the infrastructure of the country to contend with.

As I said at the outset, we have had a comprehensive, informative and wide-ranging debate. It ranged from the customary prophet-of-doom contribution that Labour Members have come to expect from the right hon. and learned Member for Rushcliffe (Mr. Clarke), who has predicted imminent recession in this country yearly since we came to power, to the enlightened and positive contribution of my hon. Friend the Member for Doncaster, North (Edward Miliband), who set a series of challenges for the shadow Chancellor, all of which he signally failed to answer. My right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) eloquently expressed support for disabled people and the poor of the world. He has supported those issues for many years.

The hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) sought the safety of the Back Benches from which to make a significant number of calls for further public spending in his constituency. I am sure that the shadow Chancellor took note of that. However, it was not nearly as damaging a contribution from the Back Benches as that of the hon. Member for Gainsborough (Mr. Leigh), who gave the game away in a sedentary intervention. As the hon. Member for Rutland and Melton sought to set a clear dividing line on tax, the hon. Member for Gainsborough interrupted and suggested that his Front-Bench spokesman meant tax cuts.

In their individual ways, several hon. Members recorded genuine improvements in their constituencies, including my hon. Friends the Members for Hartlepool (Mr. Wright), for Bishop Auckland (Helen Goodman), for Stoke-on-Trent, North (Joan Walley) and the hon. Member for East Antrim (Sammy Wilson). They acknowledged the opportunities that my right hon. Friend's Budget gave their communities.

[Mr. Browne]

Much has been said in the debate about productivity and competitiveness, not least in the contributions of the right hon. and learned Member for Rushcliffe and the hon. Member for Twickenham (Dr. Cable). Business in the UK needs stability above all. My right hon. Friend the Chancellor has delivered stability that the International Monetary Fund described as "remarkable". The Organisation for Economic Co-operation and Development has already noted that UK has the lowest barriers to entrepreneurship of any major economy. The Budget does even more to support business, not least the 575,000 more small and medium-sized enterprises that have been founded in the UK since 1997.

UK Trade & Investment will promote the United Kingdom abroad. We will establish a new business advisory council and enshrine in law the Hampton code of deregulatory practice. There will be specific budgets for Her Majesty's Revenue and Customs to reduce the burden on business. We will extend the research and development tax credits.

We have half the productivity gap of France. We have closed the gap with Germany, we are ahead of Japan and we are keeping up with the United States. It is remarkable—*[Interruption.]*

Mr. Deputy Speaker: Order. Conversations are breaking out throughout the Chamber. We must listen to the Chief Secretary, who is now winding up the debate.

Mr. Browne: We have not only improved productivity but done that while creating 2.3 million new jobs. Labour Members can be rightly proud of that achievement because we have presided over the longest period of sustained employment growth since the 1950s when records began.

Mr. David Gauke (South-West Hertfordshire) (Con): The Chief Secretary says that the Government have improved productivity. Will he explain precisely how he calculates that? According to witnesses to the Treasury Committee yesterday, any attempt to describe productivity as improving is "misleading".

Mr. Browne: The only years when productivity fell in the United Kingdom were Tory years. I do not know if the hon. Gentleman was in his place at the beginning of the debate but, as my right hon. Friend the Secretary of State for Trade and Industry said when he opened it, over the economic cycle, which is the proper measure of productivity, there has been 2.3 per cent. growth compared with 2 per cent. in the previous cycle.

The hon. Member for Rutland and Melton, joined by the hon. Member for Twickenham, the right hon. Member for North-West Hampshire (Sir George Young) and the hon. Member for Cheltenham (Martin Horwood) mentioned the home computer initiative. The changes have been made to ensure better targeting of resources to meet the Government's objective of improving access to technology. The home computer initiative was never intended to subsidise those who can already afford computers. Exemptions were being used, contrary to the original intention, for second personal computers and, indeed, for games consoles. There has been a huge fall in computer prices since 1999, and the Government want to focus resources on those who would not otherwise be able to gain access to a computer to increase their IT literacy skills. In addition, computer ownership has risen from 28 per cent. to 60 per cent.—*[Interruption.]*

Mr. Deputy Speaker: Order. The House really must let the Minister make his speech.

Mr. Browne: A number of hon. Members—

Miss Anne McIntosh (Vale of York) (Con) *rose*—

Mr. Browne: I give way to the hon. Lady.

Miss McIntosh: I am most grateful to the right hon. Gentleman for giving way. The Secretary of State for Trade and Industry prides himself on the number of new jobs that have been created. Of the 3.2 million that have been created in the public sector, how many of the women in the civil service earn exactly the same as the men? Is the right hon. Gentleman concerned that they earn 25 per cent. less than their male equivalents?

Mr. Browne: I am grateful for the opportunity to remind the House that, since 1997, women's wages have increased twice as fast as men's wages. I recognise that there is still a gap between the two, but we are narrowing that gap, and that is a record of which we can rightly be proud.

A number of Conservative Members have alleged that the tax burden is now the highest in history. That is of course dependent on the most spurious of all calculations of the tax burden, and it is completely wrong. The tax burden is actually lower now than it was for the entire period between 1981 and 1988 under Margaret Thatcher, and well below the peak tax burden in 1984. According to the experts at the Organisation for Economic Co-operation and Development, the net tax burden on the average working family is half what it was when we came to power. As a result of all the tax and benefit changes that we have introduced, the average household will, from next month, be £950 a year better off in real terms than it was in 1997. According to Ernst and Young, the effective rate of corporation tax on British businesses is well below historic highs, down from 14 per cent. in 1997 to below 10 per cent. today.

Of course, the amount of tax collected rises fastest when the economy is doing well—when business, the City, the housing market and retailers are doing well, and when there are more people in work, paying tax and moving up the earnings scale. The lowest tax burden of the past 30 years was in 1993–94, when the economy was barely growing, unemployment was above 3 million, millions of families faced negative equity and wage settlements were at a 25-year low.

This Budget illustrates the gap between the Government's responsible preparation for global change and the instincts of the Conservative party, which would leave us all woefully unprepared for the future.

Greg Clark *rose*—

Mr. Browne: I will not give way now.

Underneath it all, no matter now compassionate their rhetoric, the Conservatives still have the desire to cut. We could do that too, of course, but it would be the wrong thing to do, and the Conservatives know it. We cannot face global competition with one hand tied behind our back. Instead, we will have spent some £5.4 billion a year on science by 2008. This year alone, we have invested more than £2.6 billion to renew UK university research infrastructure. This Budget adds to that by creating a single £1 billion a year health research fund. It also simplifies research funding arrangements and expands R and D support for medium-sized companies.

Our drive is to improve the UK's position as the best location for inward investment, and that means strengthening our reputation as one of the world's finest locations for higher education. It also means promoting London as the world's leading centre for financial and business services. This is a Budget for the future, and for a strong and strengthening economy. I commend it to the House.

Question put and agreed to.

Resolved,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.

2. Rates of tobacco products duty

Resolved,

That—

(1) For the Table of rates of duty in Schedule 1 to the Tobacco Products Duty Act 1979 there shall be substituted—

Table

1. Cigarettes	An amount equal to 22 per cent of the retail price plus £105.10 per thousand cigarettes.
2. Cigars	£153.07 per kilogram.
3. Hand-rolling tobacco	£110.02 per kilogram.
4. Other smoking tobacco and chewing tobacco	£67.30 per kilogram.

(2) This Resolution shall have effect as from 6 o'clock in the evening of 22nd March 2006.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

3. Rate of duty on beer

Resolved,

That—

(1) In section 36(1AA)(a) of the Alcoholic Liquor Duties Act 1979 for "£12.92" there shall be substituted "£13.26".

(2) This Resolution shall have effect as from midnight on 26th March 2006.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

4. Rates of duty on wine and made-wine

Resolved,

That—

(1) For Part 1 of the Table of rates of duty in Schedule 1 to the Alcoholic Liquor Duties Act 1979 there shall be substituted—

Part 1

Wine and made-wine of a strength not exceeding 22 per cent

Description of wine or made-wine	*Rates of duty per hectolitre*
	£
Wine or made-wine of a strength not exceeding 4 per cent	53.06
Wine or made-wine of a strength exceeding 4 per cent but not exceeding 5.5 per cent	72.95
Wine or made-wine of a strength exceeding 5.5 per cent but not exceeding 15 per cent and not sparkling	172.17
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent but less than 8.5 per cent	166.70
Sparkling wine or sparkling made-wine of a strength of 8.5 per cent or of a strength exceeding 8.5 per cent but not exceeding 15 per cent	220.54
Wine or made-wine of a strength exceeding 15 per cent but not exceeding 22 per cent	229.55

(2) This Resolution shall have effect as from midnight on 26th March 2006.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

5. Hydrocarbon oil etc (rates and rebates)

Resolved,

That provision may be made amending rates of duty and rebate in the Hydrocarbon Oil Duties Act 1979.

6. Hydrocarbon oil etc (road vehicles)

Resolved,

That provision may be made enabling amendment of the definition of road vehicle in the Hydrocarbon Oil Duties Act 1979.

7. Amusement machine licence duty

Resolved,

That provision may be made amending provisions of the Betting and Gaming Duties Act 1981 relating to amusement machine licence duty.

8. Vehicle excise duty (rates)

Resolved,

That—

(1) Schedule 1 to the Vehicle Excise and Registration Act 1994 shall be amended as follows.

(2) In paragraph 1(2), for "£170" there shall be substituted "£175".

(3) For paragraph 1B there shall be substituted—

" 1B The annual rate of vehicle excise duty applicable to a vehicle to which this Part of this Schedule applies shall be determined in accordance with Table A, where the vehicle is first registered before 23rd March 2006, or Table B, where the vehicle is first registered on or after that date, by reference to—

(a) the applicable CO_2 emissions figure, and

whether the vehicle qualifies for the reduced rate of duty, or is liable to the standard rate or the premium rate of duty.

Table A: Vehicles first registered before 23rd March 2006

CO_2 emissions figure		*Rate*		
(1)	*(2)*	*(3)*	*(4)*	*(5)*
Exceeding	*Not exceeding*	*Reduced rate*	*Standard rate*	*Premium rate*
g/km	g/km	£	£	£
100	120	30	40	50
120	150	90	100	110
150	165	115	125	135
165	185	140	150	160
185	—	180	190	195

Table B: Vehicles first registered on or after 23rd March 2006

CO_2 emissions figure		*Rate*		
(1)	*(2)*	*(3)*	*(4)*	*(5)*
Exceeding	*Not exceeding*	*Reduced rate*	*Standard rate*	*Premium rate*
g/km	g/km	£	£	£
100	120	30	40	50
120	150	90	100	110
150	165	115	125	135
165	185	140	150	160
185	225	180	190	195
225	—	200	210	215

(4) In paragraph 1C—

(a) for sub-paragraph (2) substitute—

" (2) Condition A is that the vehicle—

(a) is constructed—

(i) so as to be propelled by a relevant type of fuel, or

so as to be capable of being propelled by any of a number of relevant types of fuel, or

(b) is constructed or modified—

(i) so as to be propelled by a prescribed type of fuel, or

so as to be capable of being propelled by any of a number of prescribed types of fuel, and complies with any other requirements prescribed for the purposes of this condition.", and

(b) after sub-paragraph (5) there shall be inserted—

" (6) In this paragraph—

"bioethanol" has the meaning given in section 2AB of the Hydrocarbon Oil Duties Act 1979,

"relevant type of fuel" means—

(a) bioethanol, or

a mixture of bioethanol and unleaded petrol, if the proportion of bioethanol by volume is at least 85%, and

"unleaded petrol" has the meaning given in section 1(3C) of the Hydrocarbon Oil Duties Act 1979.

(7) The Secretary of State may, with the consent of the Treasury, by regulations amend sub-paragraph (6)."

(5) In paragraph 1J(a), for "£165" there shall be substituted "£170".

(6) In paragraph 1K(a), after "1st March 2003" there shall be inserted "and before 1st January 2007".

(7) In paragraph 2(1)—

(a) in paragraph (b), for "£30" there shall be substituted "£31",

(b) in paragraph (c), for "£45" there shall be substituted "£46", and

(c) in paragraph (d), for "£60" there shall be substituted "£62".

(8) In Schedule 2 to the Vehicle Excise and Registration Act 1994, after paragraph 24 there shall be inserted—

"Light passenger vehicles with low CO_2 emissions

25 A vehicle is an exempt vehicle if—

(a) it is a vehicle to which Part 1A of Schedule 1 applies, and

the applicable CO_2 emissions figure (as defined in paragraph 1A(3) and (4) of that Schedule) for the vehicle does not exceed 100 g/km."

(9) Paragraph (8) shall come into force on 23rd March 2006; but nothing in that paragraph shall have the effect that a nil licence is required to be in force in respect of a vehicle while a vehicle licence is in force in respect of it.

(10) The rest of this Resolution shall have effect in relation to licences taken out on or after that date.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

9. VALUE ADDED TAX (GAMING MACHINES)

Resolved,

That provision (including provision having retrospective effect) may be made amending section 23 of the Value Added Tax Act 1994.

10. VALUE ADDED TAX (BUILDINGS AND LAND)

Resolved,

That provision may be made for, and in connection with, conferring power on the Treasury—

(a) to substitute Schedule 10 to the Value Added Tax 1994 for the purpose of rewriting that Schedule with amendments, and

(b) to amend Group 1 of Schedule 9 to that Act.

11. VALUE ADDED TAX (WORKS OF ART, ANTIQUES, ETC)

Resolved,

That provision may be made amending section 21 of the Value Added Tax Act 1994 in relation to works of art, antiques, collections and collector's pieces.

12. VALUE ADDED TAX (MISSING TRADER INTRA-COMMUNITY FRAUD)

Resolved,

That, for the purposes of value added tax, provision may be made for, and in connection with, securing that—

(a) supplies of goods made to persons carrying on businesses are treated for the purposes of Schedule 1 to the Value Added Tax Act 1994 as their taxable supplies made in the course or furtherance of their businesses, and

(b) taxable persons carrying on businesses to whom supplies of goods are made by other taxable persons account for and pay value added tax on those supplies.

13. VALUE ADDED TAX (FACE-VALUE VOUCHERS)

Resolved,

That provision may be made amending, or making amendments connected with, Schedule 10A to the Value Added Tax Act 1994.

14. INCOME TAX (CHARGE AND RATES FOR 2006–07)

Resolved,

That income tax shall be charged for the year 2006–07, and for that year—

(a) the starting rate shall be 10%;

(b) the basic rate shall be 22%;

(c) the higher rate shall be 40%.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

15. CORPORATION TAX (CHARGE AND RATE FOR 2007)

Resolved,

That corporation tax shall be charged for the financial year 2007 at the rate of 30%.

16. CORPORATION TAX (SMALL COMPANIES' RATE AND FRACTION FOR 2006)

Resolved,

That for the financial year 2006—

(a) the small companies' rate shall be 19%, and

(b) the fraction mentioned in section 13(2) of the Income and Corporation Taxes Act 1988 shall be 11/400ths.

17. CORPORATION TAX (STARTING RATE AND NON-CORPORATE DISTRIBUTION RATE)

Motion made, and Question put,

That provision may be made for, and in connection with, the abolition of—

(a) the corporation tax starting rate,

(b) the relief from corporation tax under section 13AA(2) of the Income and Corporation Taxes Act 1988, and

(c) the non-corporate distribution rate.

The House divided: Ayes 325, Noes 259.

Division No. 199] **[10 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George

Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Alan Campbell and Mr. Ian Cawsey

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julie
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter

Rogerson, Mr. Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Salmond, Mr. Alex.
Sanders, Mr. Adrian
Selous, Andrew
Shephard, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Henry Bellingham and
Mr. David Evennett

Question accordingly agreed to.

18. Group relief (corporation tax)

Resolved,

That, for the purposes of corporation tax, provision may be made (including provision having retrospective effect) in relation to group relief.

19. Tax relief for R&D expenditure of small or medium-sized companies

Resolved,

That provision may be made in relation to relief under Schedule 20 to the Finance Act 2000.

20. Tax relief for R&D expenditure of large companies etc

Resolved,

That provision may be made in relation to relief under Schedule 12 to the Finance Act 2002.

21. Tax relief for expenditure on vaccine research etc

Resolved,

That provision may be made in relation to relief under Schedule 13 to the Finance Act 2002.

22. Films and sound recordings

Resolved,

That provision may be made about the taxation of activities in connection with films and sound recordings.

23. Charities (relief on income tax and corporation tax)

Resolved,

That provision may be made amending and supplementing sections 505 and 506 of and Schedule 20 to the Income and Corporation Taxes Act 1988.

24. Gift aid (payments by companies)

Resolved,

That provision may be made amending section 339 of the Income and Corporation Taxes Act 1988.

25. Income tax (mobile telephones)

Resolved,

That—

(1) In section 266(2) of the Income Tax (Earnings and Pensions) Act 2003 there shall be inserted at the end "or

(d) section 319 (mobile telephones)."

(2) In section 267(2) of that Act there shall be inserted at the end "and

(g) section 319 (mobile telephones)."

(3) For section 319 of that Act there shall be substituted—

" 319 Mobile telephones

(1) No liability to income tax arises by virtue of section 62 (general definition of earnings) or Chapter 10 of Part 3 (taxable benefits: residual liability to charge) in respect of the provision of one mobile telephone for an employee without any transfer of property in it.

In this section "mobile telephone" means telephone apparatus which—

(a) is not physically connected to a land-line, and

is not used only as a wireless extension to a telephone which is physically connected to a land-line, or any thing which may be used in such apparatus for the purpose of gaining access to, or using, a public electronic communications service.

In this section the reference to the provision of a mobile telephone includes a reference to the provision, together with the mobile telephone provided, of access to, or the use of, a public electronic communications service by means of one mobile telephone number.

For the purposes of subsection (2) "telephone apparatus" means wireless telegraphy apparatus designed or adapted for the primary purpose of transmitting and receiving spoken messages and used in connection with a public electronic communications service."

(4) The amendments made by this Resolution shall have effect for the year 2006–07 and subsequent years of assessment.

(5) But the amendment made by paragraph (3) shall not cause any liability to income tax to arise in respect of the provision of a mobile telephone for an employee, or a member of an employee's family or household, if the mobile telephone was first provided to him before 6th April 2006.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

26. Income tax (computer equipment)

Motion made, and Question put,

That—

(1) Section 320 of the Income Tax (Earnings and Pensions) Act 2003 shall be omitted.

(2) This Resolution shall have effect for the year 2006–07 and subsequent years of assessment.

(3) But this Resolution shall not cause any liability to income tax to arise in respect of the provision of computer equipment by making it available to an employee, or a member of an employee's family or household, if the computer equipment was first made available to him before 6th April 2006.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 325, Noes 259.

Division No. 200] **[10.17 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creegh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Iranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis

Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Alan Campbell and
Mr. Ian Cawsey

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Salmond, Mr. Alex
Sanders, Mr. Adrian
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob

Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Henry Bellingham and
Mr. David Evennett

Question accordingly agreed to.

27. CHARGEABLE GAINS

Resolved,

That provision (including provision having retrospective effect) may be made amending, or making amendments connected with, the Taxation of Chargeable Gains Act 1992.

28. INCOME TAX (INTEREST RELIEF: FILM PARTNERSHIP)

Resolved,

That provision (including provision having retrospective effect) may be made restricting the relief available under sections 353 and 362 of the Income and Corporation Taxes Act 1988 in respect of certain loans to buy into partnerships carrying on trade in relation to films or other recordings.

29. TRANSFERS OF INCOME ARISING FROM SECURITIES

Resolved,

That provision (including provision having retrospective effect) may be made amending section 730 of the Income and Corporation Taxes Act 1988.

30. STOCK LENDING

Resolved,

That provision (including provision having retrospective effect) may be made for the purposes of income tax and corporation tax—

(a) in relation to stock lending arrangements, and

(b) for and in connection with treating arrangements which are not stock lending arrangements as if they were such arrangements.

31. LOAN RELATIONSHIPS ETC

Resolved,

That provision may be made for the purposes of corporation tax in relation to—

(a) loan relationships, and

(b) other relationships where a company stands, or is to be treated as standing, in the position of a creditor or debtor in relation to a debt.

32. DERIVATIVE CONTRACTS

Resolved,

That provision may be made for the purposes of corporation tax in relation to derivative contracts.

33. INTANGIBLE FIXED ASSETS

Resolved,

That provision (including provision having retrospective effect) may be made amending Schedule 29 to the Finance Act 2002.

34. CONTROLLED FOREIGN COMPANIES

Resolved,

That provision may be made amending section 90 of the Finance Act 2002.

35. TRANSFER OF ASSETS ABROAD

Resolved,

That provision (including provision having retrospective effect) may be made amending, or making amendments connected with, Chapter 3 of Part 17 of the Income and Corporation Taxes Act 1988.

36. INCOME TAX (BENEFITS RECEIVED BY FORMER OWNER OF PROPERTY)

Resolved,

That provision (including provision having retrospective effect) may be made amending Schedule 15 to the Finance Act 2004.

37. LEASES OF PLANT OR MACHINERY

Resolved,

That, for the purposes of income tax and corporation tax, provision (including provision having retrospective effect) may be made in relation to leases of plant or machinery.

38. CORPORATION TAX (COMPANIES CARRYING ON LEASING BUSINESS)

Resolved,

That, for the purposes of corporation tax, provision (including provision having retrospective effect) may be made in relation to any company carrying on (whether alone or in partnership) a business which consists of or includes leasing plant or machinery.

39. INSURANCE COMPANIES

Resolved,

That provision (including provision having retrospective effect) may be made about insurance companies.

40. INCOME TAX (SETTLEMENTS)

Resolved,

That provision may be made in relation to settlors, beneficiaries and trustees of settlements.

41. INVESTMENT RELIEFS (LIMITS ON VALUE OF GROSS ASSETS OF ISSUERS OF SHARES ETC)

Resolved,

That—

(1) In section 293(6A) of the Income and Corporation Taxes Act 1988 ("ICTA")—

(a) in paragraph (a), for "£15 million" there shall be substituted "£7 million", and

(b) in paragraph (b), for "£16 million" there shall be substituted "£8 million".

(2) In paragraph 8(1) of Schedule 28B to ICTA—

(a) in paragraph (a), for "£15 million" there shall be substituted "£7 million", and

(b) in paragraph (b), for "£16 million" there shall be substituted "£8 million".

(3) In paragraph 22(1) and (2) of Schedule 15 to the Finance Act 2000—

(a) in paragraph (a), for "£15 million" there shall be substituted "£7 million", and

(b) in paragraph (b), for "£16 million" there shall be substituted "£8 million".

(4) Paragraphs (1) and (3) of this Resolution have effect in relation to shares issued on or after 6th April 2006, subject to paragraphs (5) and (6) of this Resolution.

(5) Neither of paragraphs (1) and (3) of this Resolution has effect in relation to shares issued on or after 6th April 2006 to a person who subscribed for them before 22nd March 2006.

(6) Paragraph (1) of this Resolution does not have effect in relation to shares issued on or after 6th April 2006 to the managers of an investment fund approved for the purposes of section 311 of ICTA by the Commissioners for Her Majesty's Revenue and Customs if—

(a) the fund was approved before 22nd March 2006,

(b) investments in the fund have been accepted before 6th April 2006, and

(c) the shares are issued to the managers as nominee for an individual who has (whether or not before 6th April 2006) invested in the fund.

(7) Paragraph (2) of this Resolution has effect in relation to relevant holdings issued on or after 6th April 2006, subject to paragraph (8) of this Resolution.

(8) Paragraph (2) of this Resolution does not have effect for the purpose of determining whether any shares or securities acquired by a company ("the trust company") by means of the investment of protected money are, for the purposes of section 842AA of ICTA, to be regarded as comprised in qualifying holdings of the company at any time.

(9) In paragraph (8) of this Resolution "protected money" means—

(a) money raised by the issue before 6th April 2006 of shares in or securities of the trust company, or

(b) money derived from the investment by the trust company of any such money.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

42. VENTURE CAPITAL TRUSTS (RELIEF FROM INCOME TAX)

Resolved,

That provision may be made amending Schedule 15B to the Income and Corporation Taxes Act 1988.

43. VENTURE CAPITAL TRUSTS (MEANING OF "INVESTMENTS")

Resolved,

That provision may be made amending the meaning of "investments" for the purposes of approvals, and withdrawals of approvals, under section 842AA of the Income and Corporation Taxes Act 1988.

44. SECURITIES AND SECURITIES OPTIONS

Resolved,

That—

(1) Section 420 of the Income Tax (Earnings and Pensions) Act 2003 shall be amended as follows.

(2) In subsection (1)(f), at the beginning there shall be inserted "options and".

(3) In subsection (5)(c), at the beginning there shall be inserted "securities".

(4) In subsection (8), in the definition of "securities option", after "acquire securities" there shall be inserted "other than a right to acquire securities which is acquired pursuant to a right or opportunity made available under arrangements the main purpose (or one of the main purposes) of which is the avoidance of tax or national insurance contributions".

(5) The amendments made by this Resolution shall have effect in relation to options acquired on or after 2nd December 2004; but paragraph (4) shall also have effect in relation to an option acquired before that date where something is done on or after that date as part of the arrangements under which it was made available.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

45. PAYE (RETROSPECTIVE NOTIONAL PAYMENTS)

Resolved,

That provision may be made for and in connection with facilitating the operation of pay as you earn in relation to notional payments treated by any Act as made before the date on which the Act is passed.

46. ALTERNATIVE FINANCE

Resolved,

That provision may be made—

(a) amending, and permitting amendment of, Chapter 5 of Part 2 of the Finance Act 2005, and

(b) about the treatment of alternative finance arrangements as loans to employees.

47. CORPORATION TAX (NUCLEAR DECOMMISSIONING)

Motion made, and Question put,

That provision may be made amending Chapter 1 of Part 1 of the Energy Act 2004.

The House divided: Ayes 320, Noes 73.

Division No. 201] **[10.31 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Cleiland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia

Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Alan Campbell and Mr. Ian Cawsey

NOES

Alexander, Danny
Baker, Norman
Barrett, John
Beith, rh Mr. Alan
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clegg, Mr. Nick
Davey, Mr. Edward
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
McCrea, Dr. William
Moore, Mr. Michael
Mulholland, Greg
Oaten, Mr. Mark
Öpik, Lembit
Price, Adam
Pugh, Dr. John
Rennie, Willie
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rowen, Paul
Russell, Bob
Salmond, Mr. Alex
Sanders, Adrian
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilson, Sammy
Wishart, Pete
Younger-Ross, Richard

Tellers for the Noes:
Mr. Alan Reid and Sir Robert Smith

Question accordingly agreed to.

48. SECURITISATION COMPANIES

Resolved,

That provision (including provision having retrospective effect) may be made about the taxation of securitisation companies.

49. REAL ESTATE INVESTMENT TRUSTS

Resolved,

That provision may be made enabling companies which carry on property rental business to acquire a status that provides certain exemptions and liabilities (in relation to companies and shareholders).

50. OIL (MARKET VALUE)

Resolved,

That provision may be made in relation to the market value of oil (within the meaning of Part 1 of the Oil Taxation Act 1975).

51. OIL (NOMINATED CONTRACTS AND BLENDED OIL)

Resolved,

That provision may be made—

(a) for allocating blended oil to different fields for the purposes of section 2 of the Oil Taxation Act 1975, and

(b) amending section 61 of and Schedule 10 to the Finance Act 1987.

52. RING FENCE TRADES (RATE OF SUPPLEMENTARY CHARGE)

Motion made, and Question put,

That—

(1) In section 501A of the Income and Corporation Taxes Act 1988, in subsection (1), for "10 per cent" there shall be substituted "20 per cent".

(2) The amendment made by paragraph (1) shall have effect in relation to any accounting period beginning on or after 1st January 2006 (but see also paragraph (3)).

(3) For the purpose of calculating the amount of the supplementary charge on a company for an accounting period (a "straddling period") beginning before 1st January 2006 and ending on or after that date—

(a) so much of the straddling period as falls before 1st January 2006, and so much of the straddling period as falls on or after that date, shall be treated as separate accounting periods, and

(b) the company's adjusted ring fence profits for the straddling period shall be apportioned to the two separate accounting periods in proportion to the number of days in those periods.

(4) The amount of the supplementary charge on the company for the straddling period shall be the sum of the amounts of supplementary charge that would, in accordance with paragraph (3), be chargeable on the company for those separate accounting periods.

(5) In the case of a company's straddling period—

(a) the Instalment Payments Regulations shall apply as if the amendment made by paragraph (1) had not been made, but

(b) those Regulations shall also apply separately, in accordance with the following paragraph, in relation to the increase in the amount of any supplementary charge on the company for that period that arises as a result of that amendment.

(6) In that separate application of those Regulations as mentioned in paragraph (5)(b), those Regulations shall have effect as if, for the purposes of those Regulations,—

(a) the straddling period were an accounting period beginning on 1st January 2006,

(b) supplementary charge were chargeable on the company for that period, and

(c) the amount of that charge were equal to the increase in the amount of the supplementary charge for the straddling period that arises as a result of the amendment made by paragraph (1).

(7) Any reference in the Instalment Payments Regulations to the total liability of a company shall, accordingly, be read—

(a) in their application as a result of paragraph (5)(a), as a reference to the amount that would be the company's total liability for the straddling period if the amendment made by paragraph (1) had not been made, and

(b) in their application as a result of paragraph (5)(b), as a reference to the amount of the supplementary charge on the company for the deemed accounting period under paragraph (6)(a).

(8) For the purposes of the Instalment Payments Regulations—

(a) a company shall be regarded as a large company as respects the deemed accounting period under paragraph (6)(a) if (and only if) it is a large company for those purposes as respects the straddling period, and

(b) any question whether a company is a large company as respects the straddling period shall be determined as it would have been determined if the amendment made by paragraph (1) had not been made.

(9) If the Instalment Payments Regulations—

(a) apply in relation to a company's liability to supplementary charge for the deemed accounting period under paragraph (6)(a), and

(b) would (but for this paragraph) treat any instalment payment in respect of that liability as being due and payable on a date falling on or before 22nd March 2006,

those Regulations shall have effect as if the payment were due and payable instead at the end of the period of 14 days beginning with that date.

(10) In this Resolution—

(a) "adjusted ring fence profits" has the meaning given by section 501A of the Income and Corporation Taxes Act 1988,

(b) "the Instalment Payments Regulations" means the Corporation Tax (Instalment Payments) Regulations 1998,

(c) "supplementary charge" means any sum chargeable under section 501A(1) of the Income and Corporation Taxes Act 1988 as if it were an amount of corporation tax.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 320, Noes 75.

Division No. 202] **[10.45 pm**

AYES

Abbott, Ms Diane	Berry, Roger
Ainger, Nick	Betts, Mr. Clive
Ainsworth, rh Mr. Bob	Blackman, Liz
Alexander, rh Mr. Douglas	Blackman-Woods, Dr. Roberta
Allen, Mr. Graham	Blears, rh Hazel
Anderson, Mr. David	Blizzard, Mr. Bob
Anderson, Janet	Bradshaw, Mr. Ben
Armstrong, rh Hilary	Brown, rh Mr. Gordon
Atkins, Charlotte	Brown, Lyn
Austin, Mr. Ian	Brown, rh Mr. Nicholas
Austin, John	Brown, Mr. Russell
Bailey, Mr. Adrian	Browne, rh Mr. Des
Baird, Vera	Bryant, Chris
Balls, Ed	Buck, Ms Karen
Banks, Gordon	Burden, Richard
Barlow, Ms Celia	Burgon, Colin
Bayley, Hugh	Burnham, Andy
Beckett, rh Margaret	Butler, Ms Dawn
Begg, Miss Anne	Byers, rh Mr. Stephen
Bell, Sir Stuart	Byrne, Mr. Liam
Benn, rh Hilary	Caborn, rh Mr. Richard
Benton, Mr. Joe	Cairns, David

Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Gillian Merron and Kevin Brennan

NOES

Alexander, Danny
Baker, Norman
Barrett, John
Beith, rh Mr. Alan
Bottomley, Peter
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clegg, Mr. Nick
Davey, Mr. Edward

Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
McCrea, Dr. William
Moore, Mr. Michael
Mulholland, Greg
Oaten, Mr. Mark
Öpik, Lembit
Price, Adam
Pugh, Dr. John
Rennie, Willie
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rowen, Paul
Russell, Bob
Salmond, Mr. Alex
Sanders, Mr. Adrian
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Thurso, John
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilson, Sammy
Wishart, Pete
Younger-Ross, Richard

Tellers for the Noes:
Sir Robert Smith and
Mr. Alan Reid

Question accordingly agreed to.

53. Ring fence trades (exploration expenditure supplement)

Resolved,

That provision (including provision having retrospective effect) may be made amending Schedule 19B to the Income and Corporation Taxes Act 1988.

54. Inheritance tax (rates and rate bands for years 2008–09 and 2009–10)

Resolved,

That provision may be made for successive substitutions of the Table in Schedule 1 to the Inheritance Tax Act 1984.

55. Inheritance tax (rules for trusts etc)

Resolved,

That provision may be made—

(a) amending provisions of the Inheritance Tax Act 1984 relating to settled property, and

(b) amending, in connection with cases where a person's interest in settled property has come to an end, provisions relating to property that, for purposes of that Act, is property subject to a reservation.

56. Inheritance tax (purchase of interests in foreign trusts)

Resolved,

That provision (including provision having retrospective effect) may be made amending section 48 of the Inheritance Tax Act 1984.

57. Pension schemes etc

Resolved,

That provision may be made in relation to pension schemes and similar schemes under which benefits are provided to or in respect of employees or former employees.

58. Stamp duty land tax (thresholds)

Resolved,

That—

(1) In section 55 of the Finance Act 2003 in subsection (2), in Table A, for "£120,000", in both places, there shall be substituted "£125,000".

(2) In Schedule 5 to the Finance Act 2003, in paragraph 2(3), in Table A, for "£120,000", in both places, there shall be substituted "£125,000".

(3) The amendments made by this Resolution shall have effect in relation to any transaction of which the effective date (within the meaning of Part 4 of the Finance Act 2003) is after 22nd March 2006.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

59. Stamp duty (thresholds)

Resolved,

That the following provisions shall have effect for the period beginning with 23rd March 2006 and ending 31 days after the earliest of the dates mentioned in section 50(2) of the Finance Act 1973—

(1) In Schedule 13 to the Finance Act 1999, in paragraph 4, for "£120,000", in both places, there shall be substituted "£125,000".

(2) The amendment made by this Resolution shall have effect in relation to instruments executed after 22nd March 2006.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of section 50 of the Finance Act 1973.

60. Stamp duty land tax (leases)

Resolved,

That provision may be made amending Schedules 5 and 17A to the Finance Act 2003.

61. Stamp duty land tax (unit trust schemes)

Resolved,

That—

(1) Part 4 of the Finance Act 2003 shall be amended as follows.

(2) Section 64A shall be omitted.

(3) In section 101—

(a) in subsection (1) for "provisions" there shall be substituted "provision", and

(b) in subsection (7) the words from "section 53" to "companies), or" shall be omitted.

(4) This Resolution shall have effect in relation to any land transaction of which the effective date is, or is after, 22nd March 2006 (but see paragraphs (5) and (6)).

(5) This Resolution shall not have effect in relation to—

(a) any land transaction which is effected in pursuance of a contract entered into and substantially performed before 2 p.m. on 22nd March 2006 ("the relevant time"), or

(b) any other land transaction which is effected in pursuance of a contract entered into before the relevant time and which is not an excluded transaction.

(6) For this purpose, a land transaction effected in pursuance of a contract is an excluded transaction if—

(a) any provision of the contract has effect by reference to a unit trust scheme and the scheme is not established before the relevant time,

(b) at or after the relevant time the contract is varied in a way that significantly affects the land transaction (see paragraph (7)),

(c) the subject-matter of the land transaction is not identified in the contract in a way that would have enabled its acquisition before the relevant time,

(d) rights under the contract are assigned at or after the relevant time,

(e) the land transaction is effected in consequence of the exercise, at or after the relevant time, of any option, right of pre-emption or similar right, or

(f) at or after the relevant time there is an assignment, subsale or other transaction (relating to the whole or part of the contract's subject-matter) as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance to him.

(7) For the purposes of paragraph (6)(b) the contract is varied in a way that significantly affects the land transaction if (and only if)—

(a) it is varied so as to substitute a different purchaser in relation to the land transaction,

(b) it is varied so as to alter the subject-matter of the land transaction, or

(c) it is varied so as to alter the consideration for the land transaction.

(8) Expressions which are used in Part 4 of the Finance Act 2003 and in this Resolution have the same meaning in this Resolution as in that Part.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

62. STAMP DUTY LAND TAX (ALTERNATIVE FINANCE)

Resolved,

That provision may be made amending and supplementing sections 71A to 73 of the Finance Act 2003.

63. RATE OF LANDFILL TAX

Resolved,

That—

(1) In section 42 of the Finance Act 1996, for the amount specified in subsection (1)(a), and the corresponding amount specified in subsection (2), there shall be substituted "£21".

(2) This Resolution shall have effect in relation to taxable disposals made, or treated as made, on or after 1st April 2006.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

64. CLIMATE CHANGE LEVY (RATES)

Resolved,

That provision may be made substituting the Table in paragraph 42(1) of Schedule 6 to the Finance Act 2000.

65. CLIMATE CHANGE LEVY (ABOLITION OF HALF-RATE SUPPLIES)

Resolved,

That—

(1) For the purposes of climate change levy, no supply made on or after 1st April 2006 shall be a half-rate supply.

(2) Paragraphs (3) to (6) shall have effect for determining when a supply is to be regarded as made for the purposes of paragraph (1).

(3) A supply—

(a) of electricity, or

(b) of gas that is in a gaseous state and is of a kind supplied by a gas utility,

is to be regarded as made at the time when the electricity or gas is actually supplied.

(4) In the case of a supply of a taxable commodity not falling within paragraph (3) by a person who is resident in the United Kingdom—

(a) if the commodity is to be removed, the supply is to be regarded as made at the time of the removal,

(b) if the commodity is not to be removed, the supply is to be regarded as made when the commodity is made available to the person to whom it is supplied.

This paragraph shall not apply if paragraph (6) applies in the case of the supply.

(5) In the case of a supply of a taxable commodity not falling within paragraph (3) by a person who is not resident in the United Kingdom, the supply is to be regarded as made—

(a) when the commodity is delivered to the person to whom it is supplied, or

(b) if earlier, when it is made available in the United Kingdom to that person.

This paragraph shall not apply if paragraph (6) applies in the case of the supply.

(6) In any case where, by virtue of paragraph 23(3) of Schedule 6 to the Finance Act 2000, a person is, for the purposes of that Schedule, deemed to make a supply to himself of a quantity of a taxable commodity—

(a) which he has produced, and

(b) which does not fall within paragraph (3),

the supply is to be regarded as made at the time when he produced that particular quantity of the taxable commodity.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

66. RELIEF FROM TAX (INCIDENTAL AND CONSEQUENTIAL CHARGES)

Resolved,

That it is expedient to authorise any incidental or consequential charges to any duty or tax (including charges having retrospective effect) that may arise from provisions designed in general to afford relief from taxation.

PROCEDURE (EVASION OF TOBACCO PRODUCTS DUTY)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may include provision requiring manufacturers of tobacco products not to facilitate smuggling and enabling the imposition of a penalty for breach of that requirement.

PROCEDURE (FILM TAX CREDITS)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision for tax credits to be paid to film production companies in respect of expenditure on film making activities.

PROCEDURE (INTERNATIONAL TAX ENFORCEMENT ARRANGEMENTS)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision about arrangements made in relation to any territory or territories outside the United Kingdom and concerning the exchange of information, the recovery of debts or the service of

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documents relating to taxes imposed under the domestic law of the United Kingdom or taxes imposed under the law of that territory or any of those territories.

PROCEDURE (FUTURE TAXATION)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain the following provisions taking effect in a future year—

(a) provision for corporation tax to be charged for the financial year 2007;

(b) provision amending, or making amendments connected with, section 139 of the Income Tax (Earnings and Pensions) Act 2003;

(c) provision enabling regulations to be made about taxation in respect of income arising from participation in, or the provision of certain services in relation to, the 2012 London Olympic Games and Paralympic Games;

(d) provision in relation to the residence of trustees of settlements;

(e) provision for substituting the Table in Schedule 1 to the Inheritance Tax Act 1984 in relation to chargeable transfers made on or after 6th April 2008 or made on or after 6th April 2009;

(f) provision amending provisions of the Inheritance Tax Act 1984 relating to settled property;

(g) provision about the rates of climate change levy.

Bill ordered to be brought in upon the foregoing resolutions: And that the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Mr. Secretary Prescott, Mr. Secretary Darling, Ms Secretary Hewitt, Mr. Secretary Clarke, Secretary Alan Johnson, Secretary Ruth Kelly, Mr. Des Browne, John Healey, Mr. Ivan Lewis and Dawn Primarolo do prepare and bring it in.

FINANCE BILL

Dawn Primarolo accordingly presented a Bill to grant certain duties, to alter other duties, to amend the law relating to the national debt and the public revenue, and to make further provision in connection with finance: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed. Explanatory notes to be printed [Bill 161].

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Michael Lord): With the agreement of the House, I propose to put together the Questions on the remaining motions.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

CIVIL AVIATION (SCOTLAND)

That the draft Transport Act 2000 (Consequential Amendments) (Scotland) Order 2006, which was laid before this House on 6th February, be approved.

HEALTH AND SAFETY

That the draft Railway Safety Levy Regulations 2006, which were laid before this House on 16th February, be approved.

ECCLESIASTICAL LAW

That the draft Grants to the Churches Conservation Trust Order 2006, which was laid before this House on 8th February, be approved.

CINEMAS AND FILM

That the draft Films (Definition of "British Film") Order 2006, which was laid before this House on 15th February, be approved.

TOWN AND COUNTRY PLANNING

That the draft Town and Country Planning (Fees for Applications and Deemed Applications) (Amendment) (England) Regulations 2006, which were laid before this House on 9th February, be approved.

INCOME TAX

That the draft Authorised Investment Funds (Tax) Regulations 2006, which were laid before this House on 13th February, be approved.

TAX CREDITS

That the draft Tax Credits Up-rating Regulations 2006, which were laid before this House on 13th February, be approved.

GOVERNMENT RESOURCES AND ACCOUNTS

That the draft Special Health Authorities (Audit) Order 2006, which was laid before this House on 13th February, be approved.

SOCIAL SECURITY

That the draft Guardian's Allowance Up-rating Order 2006, which was laid before this House on 13th February, be approved.

That the draft Child Benefit (Rates) Regulations 2006, which were laid before this House on 13th February, be approved.

SOCIAL SECURITY (NORTHERN IRELAND)

That the draft Guardian's Allowance Up-rating (Northern Ireland) Order 2006, which was laid before this House on 13th February, be approved.

SOCIAL SECURITY

That the draft Employment Zones (Allocation to Contractors) Pilot Regulations 2006, which were laid before this House on 15th February, be approved.

PENSIONS

That the draft Social Security (Reduced Rates of Class 1 Contributions, Rebates and Minimum Contributions) Order 2006, which was laid before this House on 1st March, be approved.

HIGHWAYS

That the draft Restricted Byways (Application and Consequential Amendment of Provisions) Regulations 2006, which were laid before this House on 16th February, be approved.

CONSTITUTIONAL LAW

That the draft Management of Offenders etc. (Scotland) Act 2005 (Consequential Modifications) Order 2006, which was laid before this House on 27th February, be approved.

That the draft Smoking, Health and Social Care (Scotland) Act 2005 (Consequential Modifications) (England, Wales and Northern Ireland) Order 2006, which was laid before this House on 27th February, be approved.

That the draft Water Environment and Water Services (Scotland) Act 2003 (Consequential Provisions and Modifications) Order 2006, which was laid before this House on 27th February, be approved.

That the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) (No. 2) Order 2006, which was laid before this House on 28th February, be approved.

INSOLVENCY

That the draft Cross-Border Insolvency Regulations 2006, which were laid before this House on 1st March, be approved.

EMPLOYMENT AND TRAINING

That the draft Employment Equality (Age) Regulations 2006, which were laid before this House on 9th March, be approved.

NORTHERN IRELAND

That the draft Northern Ireland Act 2000 (Modification) Order 2006, which was laid before this House on 27th February, be approved.

SERIOUS ORGANISED CRIME AGENCY

That the draft Serious Organised Crime and Police Act 2005 (Application and Modification of Certain Enactments to Designated Staff of SOCA) Order 2006, which was laid before this House on 28th February, be approved.

LORD CHANCELLOR

That the draft Lord Chancellor (Transfer of Functions and Supplementary Provisions) (No. 2) Order 2006, which was laid before this House on 1st March, be approved.

CHILDREN AND YOUNG PERSONS

That the draft Information Sharing Index (England) Regulations 2006, which were laid before this House on 2nd March, be approved.

INTERNATIONAL IMMUNITIES AND PRIVILEGES

That the draft International Organisations (Immunities and Privileges) Miscellaneous Provisions Order 2006, which was laid before this House on 6th March, be approved.—*[Mr. Watts.]*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

FINANCIAL SERVICES POLICY

That this House takes note of European Union Document No. 15345/05 and Addendum 1, the European Commission's White Paper: Financial Services Policy 2005–2010; and agrees with the UK's five priorities for the future approach to financial services in the EU.

ACCESS TO EUROPEAN DATABASES ON ASYLUM, IMMIGRATION AND VISAS

That this House takes note of European Union Documents No. 15122/05, Commission Communication on improved effectiveness, enhanced interoperability and synergies among European databases in the area of Justice and Home Affairs, and No. 15142/05, Draft Decision on access for consultation of the Visa Information System (VIS) by the authorities of Member States responsible for internal security and by Europol for the purpose of prevention, detection and investigation of terrorist offences and other serious criminal offences; and supports the Government's view that law enforcement access to the VIS may provide useful information that could assist in the course of investigations into specific cases related to serious criminal or terrorist offences, but that this access must be subject to appropriate standards of data protection and that any future legislative proposals, that could be brought forward as a result of Council Document 15122/05, must first be considered carefully, with full consideration given to the impact that they might have on personal privacy.—*[Mr. Watts.]*

Question agreed to.

WELSH GRAND COMMITTEE

Ordered,

That—

(1) the matter of the Budget Statement and its implications for Wales, being a matter relating exclusively to Wales, be referred to the Welsh Grand Committee for its consideration;

(2) the Committee shall meet at Westminster on Wednesday 19th April at Nine o'clock and between Two o'clock and Four o'clock to consider the matter of the Budget Statement and its implications for Wales, under Standing Order No. 107 (Welsh Grand Committee (matters relating exclusively to Wales)).—*[Mr. Watts.]*

Mr. Deputy Speaker: We now come to petitions, and the first one—*[Interruption.]* Order. May I say to the House that we still have business to deal with, and it is not normal to rush out of the Chamber in a crowd? Will hon. Members please resume their seats or leave quietly so that we can get on with our next business in an orderly fashion?

John McDonnell (Hayes and Harlington) (Lab): On a point of order, Mr. Deputy Speaker. May we have clarity on whether—*[Interruption.]*

Mr. Deputy Speaker: Order. I hope that hon. Members heard what I just asked them to do. We have more business to get on with. Please will they now leave quietly and in an orderly fashion?

John McDonnell: Thank you, Mr. Deputy Speaker. May we have clarity on whether the House will be dealing with amendments from the Lords on the Civil Aviation Bill tomorrow? If so, those amendments have not yet been published and are therefore not available to Members to amend.

Mr. Deputy Speaker: As I understand it, those matters are not yet put before the House for tomorrow.

PETITIONS

Telecommunications Mast (North Fambridge)

11.2 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I understand that this is the first of a number of petitions to be presented tonight. Although it is on a different topic from those that follow, it is one that my constituents feel very strongly about. It is signed by 582 residents of the village of North Fambridge, which equates to 86.6 per cent. of the registered voters of that village.

The petition states:

To the House of Commons

The Petition of residents North Fambridge, Chelmsford, Essex

Declares that the appeal by Orange Personal Communications Ltd at White House Farm, Ferry Road, North Fambridge, Essex for the installation of a 22 m Monopole with 6 Antenna and 4 Transmission Dishes within a 6 x 6 metre compound is contrary to locally determined planning rules which includes being in a Special Landscape Area and situated between sites of National and International designated nature conservation areas. The application does not take into account the health issues

highlighted by the courts, the residents' human rights, the number of children or sensitive people living nearby this proposed site, nor does the application include any response to the precautionary approach as advocated by the Stewart Report and recent Telecommunication Masts (Planning Control) Bill.

The Petitioners therefore request that the House of Commons resolves that Her Majesty's Government, as a matter of urgent public importance, freeze this application until the full implications of a Telecommunications Mast of this magnitude are known.

And the Petitioners remain, etc.

To lie upon the Table.

Mr. Deputy Speaker: We now have several petitions on the same topic and it would be helpful if hon. Members were brief in their contributions, especially after the first one, and did not repeat what had already been said. When they have said what they want to say, I would be grateful if they moved along the Back Benches to put their petitions in the bag as speedily as politeness allows.

Community Hospitals

11.4 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): The presentation of tonight's 44 petitions follows the national community hospitals rally, which took place in Old Palace Yard this afternoon. People from all over England came to Westminster to present their views and tell Ministers about the commitment that they feel to their community hospitals. They want them to be supported.

I wish to present a petition on behalf of the supporters of Hornsea cottage hospital. It declares:

The Petitioners welcome the support for community hospitals in the recent Health White Paper "Our Health, Our Care, Our Say", which recognises the important role of a renewed community hospital network in delivering enhanced local care.

The Petitioners are concerned by the continuing programme of cuts and closures to viable and valued community hospitals since the White Paper.

The Petitioners therefore request that the House of Commons shall urge the Department of Health to conduct a swift review of all decisions to reduce or close services.

And the Petitioners remain etc.

I also wish to present petitions with exactly the same wording on behalf of the supporters of Withernsea hospital and of the Beverley Westwood hospital in my constituency.

To lie upon the Table.

11.5 pm

Mr. John Gummer (Suffolk, Coastal) (Con): I wish to present petitions on behalf of the Felixstowe Bartlet and Felixstowe general hospitals and Aldeburgh cottage hospital, all of which were built by public subscription, said to be perfectly safe immediately before the election and told that they were to be closed or halved in size immediately after the election. It is therefore unsurprising that my constituents feel strongly about that. They have used the same wording as the other petitions presented tonight. I believe that the Government, who have not so far done so, should listen to them.

To lie upon the Table.

11.6 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): This is the second time that I have presented a petition to the House on behalf of local residents who are concerned about the future of Surbiton hospital. On the previous occasion, thanks to the good offices of the *Surrey Comet*, we were able, over a period of two months, to produce a petition signed by more than 7,000 constituents. Thanks to the current exercise, led excellently by Community Hospitals Acting Nationally Together, we have managed to produce a petition with more than 700 signatures in less than a week. I therefore ask leave to present it petition on behalf of my constituents.

To lie upon the Table.

11.7 pm

Mr. Tim Yeo (South Suffolk) (Con): I should like to present a petition that is signed by more than 800 of my constituents, expressing their support for the excellent community hospitals in Sudbury—Walnuttree and St. Leonards—and their dismay at the decision of the West Suffolk primary care trust to close those valuable local services in defiance of stated Government policy, in breach of a commitment given only weeks before the general election with the Department of Health's full support, and regardless of the considerable damage that that will inflict on my constituents. The wording of the petitions is the same as those of the other CHANT petitions that have been presented tonight.

Mr. Deputy Speaker, I also wish to present on your behalf a petition signed by a large number of your constituents, expressing their support for Hartismere hospital in your constituency.

To lie upon the Table.

11.8 pm

Mr. Desmond Swayne (New Forest, West) (Con): I wish to present three petitions on behalf of the Milford on Sea War Memorial hospital, the Fordingbridge hospital and the Lymington hospital. Earlier this year, my hon. Friend the Member for New Forest, East (Dr. Lewis), the hon. Member for Romsey (Sandra Gidley) and I presented to New Forest primary care trust a petition on behalf of all our hospitals signed by some 45,000 residents.

To lie upon the Table.

11.8 pm

Dr. Julian Lewis (New Forest, East) (Con): I wish to present two more petitions on behalf of the Fenwick hospital, Lyndhurst and the Hythe hospital on the waterside, in identical terms to the other CHANT petitions presented tonight. I am pleased to add that, as a result of the large petition that my hon. Friend the Member for New Forest, West (Mr. Swayne) described, it has been decreed that the five hospitals in New Forest, West, New Forest, East and Romsey are scheduled for reprieve. We wait to see whether that will occur.

To lie upon the Table.

11.9 pm

Mr. Ian Taylor (Esher and Walton) (Con): I should like to present the petitions of the friends and supporters of four cottage hospitals in my constituency: Cobham and Oxshott community hospital; Molesey hospital; Thames Ditton hospital at Emberbrook; and Walton community hospital. At present, none of those hospitals is threatened with closure, although there continues to be great uncertainty about Emberbrook, but 3,600 of my constituents have signed the petitions. They have noted the Secretary of State's recent words in the House that community facilities that are needed for the long term must not be lost in response to short-term budgetary pressures.

I present these petitions, which have identical wording to the other CHANT petitions presented tonight, in the hope that the Secretary of State will listen to the urgent requests for security from those of my constituents who have signed them.

To lie upon the Table.

11.10 pm

Roger Berry (Kingswood) (Lab): In the light of your instruction, Mr. Deputy Speaker, and of the state of my voice, I shall very briefly express my pleasure at presenting the petition on behalf of the supporters of the Cossham Memorial hospital, Kingswood. It is expressed in terms identical to the other petitions on community hospitals presented here this evening.

To lie upon the Table.

11.10 pm

Sir John Stanley (Tonbridge and Malling) (Con): I wish to present two petitions. I present the first on behalf of the Edenbridge War Memorial hospital in my constituency, where more than one third of the beds have been closed as a result of the Government's financial policies towards the South West Kent primary care trust. I present the second petition on behalf of the Tonbridge cottage hospital, where half the beds have now been closed as a result of the Government's policies. In reflection of the dismay of my constituents, I wish to present these petitions to the House.

To lie upon the Table.

11.11 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I rise to present a petition on behalf of the supporters of Weybridge hospital. The hospital was completely rebuilt in the 1990s at public expense. Since then, it has been generously supported by the friends of Weybridge hospital, who have organised this petition, which is worded in identical terms to the other petitions presented tonight.

To lie upon the Table.

11.11 pm

David Maclean (Penrith and The Border) (Con): I rise to present four petitions worded in identical terms to those already enunciated tonight. The first is on behalf of the Penrith and Eden community hospital; the second is on behalf of Wigton community hospital; the third is on behalf of the League of Friends of the Ruth Lancaster James hospital in Alston, in the Pennines; and the fourth is on behalf of the Brampton and District War Memorial cottage hospital. These petitions have been signed by a small representative sample of the 69,381 signatures that we have collected on a petition that covers all the hospitals in Cumbria. We believe that that sets a record for people of Cumbria of all persuasions, from all areas, and of all political parties and of none, being united in asking that our community hospitals be not only saved but put at the heart of the Government's new strategy of care in the community and of a regenerated and enhanced local care network.

To lie upon the Table.

11.13 pm

Mr. Philip Dunne (Ludlow) (Con): I rise to present petitions, in identical form to the others that have been presented this evening, on behalf of Ludlow community hospital and Bishop's Castle community hospital. The petition on Bishop's Castle hospital contains 1,917 names, and I should like to remind the House that, in January, I presented petitions with more than 22,000 names on behalf of Ludlow community hospital and Bridgenorth community hospital, following a march of more than 8,000 people through the streets of Ludlow and Bridgenorth in support of the continuation of their community hospitals.

To lie upon the Table.

11.13 pm

Sandra Gidley (Romsey) (LD): I rise to present a petition on behalf of the supporters of Romsey hospital in Hampshire, who also raised more than £1 million in 2000 to improve and preserve the hospital. I should also like to pay tribute to the leagues of friends of Romsey hospital and the hospitals in the New Forest, which are working together to ensure that any further threat of closure is robustly challenged.

To lie upon the Table.

11.14 pm

Tom Levitt (High Peak) (Lab): I wish to present what could be the largest so far of the petitions physically presented tonight, with 4,133 supporters. It concerns the minor injuries unit at Buxton cottage hospital, which is currently unable to provide a 24-hour service as it would wish. The petition is of identical wording to the other CHANT petitions presented tonight. It is presented in the hope and expectation that a full 24-hour service will be resumed, and that the cottage hospital will carry on its role in the future.

To lie upon the Table.

11.14 pm

Sir Nicholas Winterton (Macclesfield) (Con): I wish to present the petition of the friends and supporters of the Macclesfield district general hospital, the East Cheshire NHS trust and its satellite community hospitals. Those are popular, supported and viable hospitals, and it is important that the Government take heed of the views of people who use them. The wording of the petition is identical to that of the other CHANT petitions presented tonight.

To lie upon the Table.

11.15 pm

Ann Winterton (Congleton) (Con): I wish to present a petition expressed in identical terms to those presented earlier this evening, on behalf of the "save our wards" campaign in Congleton, which was set up to support valuable services at the Macclesfield district general hospital, the East Cheshire NHS trust, and at the Congleton War Memorial hospital, which was built by private subscription following the great war. My constituents value the services at both those hospitals and wish to see no more cuts.

To lie upon the Table.

11.16 pm

Mr. Richard Spring (West Suffolk) (Con): I want to present a petition on behalf of the supporters of Newmarket community hospital. It follows a series of meetings and a march of 1,000 people. The petition has identical wording to other CHANT petitions presented tonight, but is also a recognition of the view of the people of Newmarket that closing down facilities in their much-loved community hospital does not add in any way, but quite the reverse, to patient care.

To lie upon the Table.

11.16 pm

Mr. Jamie Reed (Copeland) (Lab): On behalf of Millom community hospital, Mary Hewetson hospital in Keswick, the Maryport Victorian cottage hospital, the Cockermouth cottage hospital and the Workington community hospital, I wish to present petitions in identical terms to those presented earlier. It is a matter of fact that my health area has received an increase in funding of almost 100 per cent. since 1997. Those cottage hospitals are essential to the newly announced £100 million-plus acute hospital in the area. I want to place on record my thanks not only to the leagues of friends of the various hospitals but to Ministers who have helped me with this and other issues relating to the health economy in my area, and to the Nuclear Decommissioning Authority, which has recently invested £18 million in those hospitals.

To lie upon the Table.

11.17 pm

Dr. Andrew Murrison (Westbury) (Con): I wish to present petitions, in similar terms to those already presented, on behalf of Bradford on Avon, Trowbridge, Warminster and Westbury community hospitals in my constituency. I do so in the hope that, having noted the Secretary of State's fine words in the White Paper earlier this year in support of community hospitals, she will see fit to act on those words.

To lie upon the Table.

11.17 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I wish to present petitions on behalf of my constituents and the league of friends of Tetbury hospital trust and Fairford hospital. Those hospitals were built with private subscriptions, they have both been open for well over a century, and my constituents ask that the Government honour their election manifesto by supporting and keeping open community hospitals.

To lie upon the Table.

11.18 pm

Mr. Boris Johnson (Henley) (Con): I wish to present petitions relating to the Townlands hospital in Henley and, on behalf of my right hon. Friend the Member for Witney (Mr. Cameron), the Chipping Norton War Memorial hospital. I hope that if and when any of the hospitals concerned are reprieved, as they ought to be if the Government stick by their earlier pledges in the House, the whole campaign will stick together and fight on regardless until Townlands and others are safe.

To lie upon the Table.

Brain Cancer (Children)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watts.]*

11.19 pm

Jeremy Wright (Rugby and Kenilworth) (Con): Thomas Archer died in his father's arms on 30 October 2005. Thomas, who lived a few streets away from me in Rugby, was a little over two years old, and died of a brain tumour.

In July last year, Thomas became ill and displayed several symptoms that caused his parents concern, including substantial loss of balance. Twice during that month they took him to their local general practitioner's surgery, and twice an ear infection was diagnosed. Antibiotics were prescribed, but Thomas did not get better. Just before the family left for a holiday in France, Thomas was taken to an out-of-hours GP's surgery because his parents were still worried. Again, they were told that there was nothing to worry about. By that point three doctors had diagnosed mild illness, and all three were wrong.

A few days after arriving in France, Thomas was taken to see a French doctor who recommended further tests. Scans revealed a life-threatening medullablastoma in his brain, which was removed the following day. Thomas returned home, but although he appeared to be making a good recovery while subject to chemotherapy, his parents were told on 14 October that his cancer had spread throughout his brain and spinal cord. Thomas died just over two weeks later, some three months after the brain tumour had been diagnosed.

Thomas's parents, George and Karen Archer, who are sitting in the Public Gallery, are determined that some good should come of their son's death, and it is due primarily to their courage and determination that I sought this debate. Karen and George have already managed to raise over £15,000 for the children's brain tumour research centre at Nottingham university. I pay tribute to them for that, and for what they have already done to raise awareness of this terrible condition. I also pay tribute to their friends and neighbours who did so much to make Thomas's last weeks special, even bringing forward Christmas when it became clear that he would not live to see it, putting up decorations early and arranging for artificial snow to cover the street where Thomas lived.

Thomas was not, of course, the only child to die of a brain tumour last year. Approximately 100 do so every year, and such cancers are now the cause of more childhood deaths than any other disease. The House has debated this important issue before, to the credit of my hon. Friend the Member for Buckingham (John Bercow), who, I am pleased to say, is in his place this evening. He secured an Adjournment debate on the subject on 26 April 2004. I am indebted to him for the speech that he made on that occasion, and also to other hon. Members whose contributions highlighted the many aspects of treatment and support that children with brain tumours, and their parents and carers, so desperately need.

I do not intend to repeat the points made then, but I commend the report of the debate to all with an interest in the subject. As my hon. Friend said,

"the issue of children with brain tumours is under-debated, under-reported and underfunded."

It was, and it remains so.

Replying to the debate, the then Under-Secretary of State for Health, the hon. Member for South Thanet (Dr. Ladyman), recognised that these matters had been little considered, and said

"I hope that opportunities can be found further to debate them in coming months because they clearly need to be explored."—[*Official Report*, 26 April 2004; Vol. 420, c. 721–25.]

I regret to say that there have been no such opportunities for childhood brain cancers to be debated until tonight.

I do not seek to suggest that no progress has been made in the treatment of cancer generally, or that this debate should be used to condemn the NHS for failing Thomas Archer. I do, however, wish to mention two respects in which I believe that improvements may be made in terms of this highly distressing condition.

First, there is the need to identify childhood brain tumours at an early stage more often. I recognise the great difficulty of diagnosing such conditions, the symptoms of which may be almost indistinguishable from those of other much less serious illnesses, and I cannot judge the general practitioners who failed to do so in the case of Thomas Archer. The fact remains, however, that a French doctor detected brain cancer where three British doctors did not, and, regardless of blame, we should investigate the reasons for that. I hope the Minister will be spurred by this case to think again about what enhancements to the education and awareness of, in particular, family doctors may be necessary.

Secondly, on the importance of effective research, the Minister will know that the NHS spends less on brain cancers than on other cancers, leaving a gap to be filled by the voluntary sector. That, too, is a problem. I understand that national cancer charities spend less than 4 per cent. of their annual research budgets on all forms of childhood cancer. Of course, I understand that the NHS in its current financial state cannot provide limitless resources for the funding of research into childhood brain cancers or, indeed, anything else. We must hope that some of the health research fund that the Chancellor announced in the Budget finds its way to such research. I understand too that, given the relatively small number of childhood cancers compared with adult cancers, there is bound to be a discrepancy in funding, although that compounds the problem, as pharmaceutical companies are also reluctant to invest for the same reason.

There is, however, something practical that the Government can do to help without the need for substantial extra resources. If we look to medical science to provide new treatments for brain cancer in children, the worst thing that we can do is to put obstacles in the path of medical scientists. The strong view of the consultant who treated Thomas Archer is that the implementation of the European clinical trials directive has damaged such medical research.

I readily concede that the serious injuries recently caused to one group of volunteers shows the need for some regulation of clinical trials, but it is vital that regulation does not become counter-productive. A recent editorial in the *British Medical Journal* by two Finnish researchers, discussing the impact of the directive Europe-wide, said:

"at the outset many investigators were worried that the labour-intensive, bureaucratic and expensive endeavour of running a clinical trial would become worse. In particular, academic researchers funded by grants, who have so far performed most oncology trials, were worried that their resources might no longer suffice to meet the requirements of the new directive. A recent analysis of research since the directive suggests that many of those fears have been realised".

The authors were referring to a report by the European Organisation for Research and Treatment of Cancer, which showed that clinical trial costs increased by 85 per cent. and that insurance costs doubled, following the coming into force of the directive, resulting in a 63 per cent. reduction in the number of new trials between 2004 and 2005.

Those who suffer from childhood brain cancers cannot afford a reduction in research—they need more of it to be done—so I hope that the Minister will look again at the effect in the UK of the clinical trials directive and cut back on the paperwork, which is costing researchers too many precious hours that could be so much better spent. If those researchers can save more time, they can save more lives.

I ask the Minister to meet the doctors at the Children's Brain Tumour Research Centre, so that she can hear directly from them about the problems that they face. So we are having this debate tonight because Thomas Archer died, but we are also having this debate so that others with the same condition may live. We all share that objective, and I ask the Minister to do all that she can to bring it about.

11.28 pm

Bob Spink (Castle Point) (Con): First, I declare an interest: my son is a neurosurgeon in London.

I congratulate my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright) both on securing the debate and on the excellent and measured way in which he presented his speech tonight. He has made his case.

We cannot begin to imagine the heartache of those with children taken with a tumour. All hon. Members in the House tonight join my hon. Friend in sending condolences to his constituents who lost their child, Thomas, and we join my hon. Friend in congratulating them on what they are doing to fight to stop others suffering as they did.

My constituents C.A. of Benfleet wrote to me to say that their son died of brain tumour, and they were glad that MPs—certainly all those in the Chamber tonight—were fighting to help to get better research and treatment. They went on to say:

"So many young people seem to get brain tumours and they deserve the chance of life".

They are right. The evidence shows that the number of cases of childhood brain and spinal cancers has doubled in the past 30 years. We need to know why and to solve that problem.

If I may digress for a moment, one thing is for certain: removing, or causing the removal of, excellent cancer centres that are working well, such as that in Southend-on-Sea, is part of the problem and will not be part of the solution.

I want to raise tonight the specific issue of the palliative care of children with life-limiting tumours. I must first praise the children's hospice movement and the work of the Association of Children's Hospices and its wonderful chief executive, Barbara Gelb. Although I acknowledge that many parents want their children to be at home with them during what is a very difficult time, the children's hospice movement provides excellent respite care and support and enables families to go through this terribly difficult process with some dignity.

The Prime Minister said two weeks ago in this House that the Government are looking at ways to improve the funding of palliative care. Children's hospices in particular need help urgently. They get so little, and many get no NHS funding at all. Their lottery money is running out, and beds will be lost and wonderful care and assets wasted unless the Government act now. Will the Minister write to me explaining how the children's hospice movement's loss of lottery funds will be replaced in the short term, and what longer-term funding structures for hospices the Department of Health is considering? I know that she cares deeply about these matters and will want fair play for these very poorly little angels.

11.31 pm

Mr. Bob Blizzard (Waveney) (Lab): I rise to congratulate the hon. Member for Rugby and Kenilworth (Jeremy Wright) on securing this debate this evening, following as it does the debate initiated just under two years ago by the hon. Member for Buckingham (John Bercow), through which this important issue was brought before the House for the first time.

I want to draw to my hon. Friend the Minister's attention the continuing work of the Ellie Savage memorial trust in my part of the country. Ellie Savage was a young girl, a constituent of mine, who sadly died from a brain tumour. In her memory, her family formed this charity. To date, it has raised more than £150,000 and it is using that money to fund a three-year research project into new ways of treating glioblastoma multiform, a most aggressive form of brain cancer from which Ellie sadly died. The trust is also piloting a rehabilitation programme in partnership with Addenbrooke's hospital. It is the first to recognise that although children who are recovering from brain tumours may have overcome the tumour itself, they can be left with devastating deficits. The trust wants to educate the schools and families of those children, so that they are best able to support them.

The trust exists primarily to give financial support to families who suffer this tragedy. It is a question not only of caring for the suffering child, but of the unpaid leave that is sometimes involved in caring for siblings. The trust supports those families, including with travelling expenses.

What the Ellie Savage memorial trust is asking for from the Government is more support for the research to which the hon. Member for Rugby and Kenilworth

[Mr. Bob Blizzard]

referred, and that they also encourage primary care trusts to work in partnership with such voluntary organisations, particularly on rehabilitation. PCTs should be embracing these voluntary bodies and supporting them; that way, together, we can give these families some hope.

11.34 pm

John Bercow: I follow colleagues in congratulating my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright) on raising this issue in terms that were measured, responsible and dignified, yet at the same time quietly passionate.

I should like, if I may, briefly to make a number of other points. First, there is now a substantial body of serious research that suggests that a combination of radiotherapy and the use of temozolomide can significantly enhance survival rates for patients newly diagnosed with glioblastoma. Ministers need to take account of that fact, to which they need to respond.

Secondly, Roy Rampling, professor of neuro-oncology at the Western Infirmary in Glasgow is one of 36 consultants and specialists who have written to the Secretary of State for Health to argue that the use of temozolomide and carmustine implants is effective and represents value for money. They are challenging the judgment of the National Institute for Health and Clinical Excellence, which has made a preliminary recommendation against the use of such treatments. They, with their expertise, believe that is wrong.

Thirdly, and finally, we have to take account of the views of those experts. Professor Rampling believes that the treatments to which I referred represent the biggest breakthroughs in the treatment of brain tumours in 30 years. We are entitled to ask the Minister, in the most sincere terms, why between two and three times as many people are being treated with temozolomide in Canada, France, Germany, Italy and Spain. Their doctors obviously think it makes sense.

My appeal to the Minister is that she will consider the possibility that a wrong judgment has been made, keep an open mind, and listen to the evidence. Could there be a better way for her to do so than to come before a meeting of the all-party group on brain tumours, of which I am privileged to be chairman, where she could hear the arguments from those infinitely more expert than I will ever be and be offered the opportunity to respond?

11.36 pm

The Minister of State, Department of Health (Ms Rosie Winterton): I congratulate the hon. Member for Rugby and Kenilworth (Jeremy Wright) on securing the debate, which has highlighted the tragic case of Thomas Archer and the courage and determination of his parents. I hope that the hon. Gentleman will allow me to express my deepest sympathy to them. The fact that we have quite a crowded Adjournment debate shows the importance attached to the issue.

Before I turn to the some of the specific points that the hon. Gentleman made, I shall provide some background information about cancers among children. In the difficult circumstances of the debate, this is difficult to say but, thankfully, cancer in children is rare and there have been remarkable improvements in survival rates over the past 30 years. Some of that improvement has been due to technical advances and the centralisation of care in specialist centres, as well as the hard work of clinicians and researchers. Seventy-five per cent. of children with cancer can now be cured, but I recognise that although survival rates for children diagnosed with brain tumours have improved in recent years, they are not, as the hon. Gentleman said, as high as for some other childhood cancers.

The hon. Gentleman gave an extremely moving account of what happened to Thomas Archer. I hope he will understand that it is extremely difficult for me to talk about individual cases, but I can assure him that I certainly recognise the need to ensure that the signs and symptoms of cancer are picked up as soon as possible so that a quick and accurate diagnosis can be made. To put that in context, a GP will see on average only one child under 15 with cancer every 20 years, yet they will see many children each week with a wide variety of symptoms that could be cancer. It is important to recognise that they have a difficult job to do. In April 2000, we tried to support GPs in that respect by issuing "Referral guidelines for suspected cancer", which aimed to help them to identify patients, including children, who were likely to have cancer and so required urgent assessment.

After the debate in 2004—I pay tribute to the hon. Member for Buckingham (John Bercow) for initiating it—the guidelines were updated by the National Institute for Health and Clinical Excellence and reissued in June 2005. That had been raised during the debate. The guidelines include a section on cancers in children and young people and specifically try to address the signs and symptoms of brain tumours. The Healthcare Commission is currently consulting on how to ensure that those standards are implemented across the country, so that there is consistency. I fully appreciate that that will not be of comfort to Thomas's parents at this point, but I hope that it shows that action is in hand to ensure that GPs are alert to possible symptoms of cancer in children and are able to act accordingly.

The hon. Member for Rugby and Kenilworth also raised the issue of research into brain tumours. Again, that issue was raised in the 2004 debate. My Department has established the national cancer research network, which considers specialist research work on paediatric oncology. The network has a dedicated brain tumour group, which is currently running a range of studies on the diagnosis and treatment of brain tumours in children. Separately, my Department funds the childhood cancer research group at Oxford university, which maintains the national registry of childhood tumours. That is the largest population-based childhood cancer registry in the world. The Department also supports a senior clinical research fellow at Birmingham university to study a comparison of magnetic resonance spectroscopy and tumour genetics in childhood brain tumours.

I know that we can always argue for more research into particular cancers, but I hope that I have been able to give some reassurance that particular research into childhood brain tumours is being carried out. Research into other childhood tumours can help our understanding in this area, too. I assure the hon.

Gentleman that I will ensure that the National Cancer Research Institute is aware of the points that hon. Members have made.

In addition, the hon. Gentleman raised some concerns about the clinical trials directive. As he acknowledged, it is important that we have in place proper protection for those participating in clinical trials, because of the risk that the trials may pose to individuals. I can assure him that we will assess the effects of implementing the directive, including a consideration of whether it is over-bureaucratic, as soon as reliable evidence is available. I will certainly take up his offer to meet the doctors he mentioned.

The hon. Member for Buckingham expressed concern about NICE's preliminary recommendations, in December, on the use of carmustine implants and Temodal in the treatment of newly diagnosed high-grade glioma. Those recommendations were subject to a period of consultation, which ended on 1 February, and NICE's final recommendations are, as he said, expected to be published in August 2006. Those final recommendations can be appealed. NICE is an independent body, which we rely on to produce clinical and cost-effective guidance to the NHS—based on the latest available evidence and having considered the comments that it receives during consultation. It is difficult for Ministers to comment on some of these issues, but I will certainly take up his offer to meet the group that he talked about. As I have said, the recommendation is not the final one and, in the meantime, primary care trusts have the discretion to fund the treatments outwith the final recommendations.

Points have been raised in the debate about the way in which services for children with brain cancer are organised and staffed. Again, those points built on some of the issues raised in the 2004 debate. In August 2005, NICE produced service guidance on how the NHS could improve services for children and young people with cancer, including those with brain tumours. The national cancer director has established a group, which he co-chairs with the national children's director, to help to implement the guidance. The group will certainly consider several of the issues raised by my hon. Friend the Member for Waveney (Mr. Blizzard), especially the need for members of the voluntary and charitable sector, such as the Ellie Savage memorial trust, to work with the NHS. I assure my hon. Friend that I will ensure that the two co-chairs of the group are aware of the ideas that he put forward in the debate so that they can examine them closely.

The hon. Member for Castle Point (Bob Spink) raised the issue of children's hospices. I am sure that he is aware that we made a number of commitments in our manifesto on how to increase palliative care, and we will make further announcements on the matter, including on children's hospices. I am well aware of the point that he raised and certainly undertake to write to him about it.

I hope that I have been able to give some reassurance to hon. Members who have spoken in the debate and, indeed, to Thomas's parents, who, as the hon. Member for Rugby and Kenilworth said, have been campaigning, raising money and trying to raise awareness. It is tribute to everyone who has spoken in the debate that they have added to that awareness campaign. There is certainly still more than we need to do to improve services for children with brain tumours, but we have set in train several actions, which have arisen because of points that hon. Members have made in the House previously. I hope that those actions will bring about change in an area that anyone who has heard the debate will realise is extremely important and something that still tragically affects too many children and, of course, their parents.

Question put and agreed to.

Adjourned accordingly at twelve minutes to Midnight.

House of Commons

Wednesday 29 March 2006

The House met at half-past Eleven o'clock

PRAYERS

The unavoidable absence of MR. SPEAKER *having been announced,* THE CHAIRMAN OF WAYS AND MEANS *took the Chair as* DEPUTY SPEAKER, *pursuant to the Standing Order.*

DEEPCUT REVIEW

Resolved,

That an Humble Address be presented to Her Majesty, That she will be graciously pleased to give directions that there be laid before this House a Return of the Report of a review by Nicholas Blake QC of the circumstances surrounding the deaths of four soldiers at Princess Royal Barracks, Deepcut, between 1995 and 2002.—*[Tony Cunningham.]*

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

Asia

1. **Mr. Piara S. Khabra** (Ealing, Southall) (Lab): What steps his Department is taking to co-ordinate international aid and development in Asia. [61825]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): The Department remains at the forefront of efforts to improve the effectiveness, quality and co-ordination of aid to Asia. Earlier this month, we successfully hosted a major international conference to chart the development partnerships that are needed with Asian Governments and civil society. Later this year, we will take part in a further, smaller seminar specifically focused on aid effectiveness in the region.

Mr. Khabra: I thank my hon. Friend for that answer. What part of the development budget is allocated to primary school education in India?

Mr. Thomas: First, I pay tribute to my hon. Friend's continued advocacy of investment in development assistance for India. He is right that more progress is needed in getting every child into primary school, and he may be aware that we, in partnership with the World Bank and the European Commission, have committed some £210 million to India's primary education drive. He will also be pleased to hear that the number of children in India who do not go to school has fallen from some 25 million in 2003 to 9.6 million in November 2005. We have made progress, but there is more that we need to do.

Mark Simmonds (Boston and Skegness) (Con): Inward investment and export-driven growth have lifted 500 million people in Asia out of poverty, yet the area remains home to two thirds of the world's poor, with dramatic wealth disparities. Many people in Asia are concerned that they are ignored in preference to Africa. The UN Development Programme believes that the solution is greater regional co-operation, but a DFID report criticised the Asian Development Bank for being too centralised and poorly co-ordinated. What is the Minister doing to strengthen DFID's support for region-wide initiatives on matters such as water, transport, disease, disaster preparedness, corruption and drug trafficking, which all play a part in exacerbating and perpetuating poverty in Asia?

Mr. Thomas: As I mentioned in my answer to the original question, we hosted a major international conference, attended by more than 150 Asian Ministers, senior officials and representatives of business and civil society, which was opened by my right hon. Friend the Prime Minister and Pakistan's Prime Minister Shaukat Aziz. Its aim was precisely to talk through the challenges that still have to be met if the millennium development goals in Asia are to be achieved. It looked at what has been successful over the past 10 years, and at the further challenges ahead. The hon. Gentleman will be interested to know that, at that conference, we committed some $50 million to try to catalyse further investment in infrastructure projects in Asia. We continue to work on supporting Pakistan's anti-corruption strategy and further efforts to improve public financial management across the region. We are already doing a lot to support tackling the governance problems to which he rightly alluded, but he will know that the challenges facing us with poverty in Asia mean that all donors have to do more.

Nigeria

2. **Mr. Shahid Malik** (Dewsbury) (Lab): What assessment he has made of the impact of Nigeria's debt repayment programme on its poverty reduction strategy and economy. [61826]

The Secretary of State for International Development (Hilary Benn): The October 2005 Paris Club agreement with Nigeria—which the Nigerian Government pushed for—represents the largest debt-relief deal ever in sub-Saharan Africa. The UK alone will cancel £2.8 billion and the Government of Nigeria will use part of its oil windfall to pay off the remaining debt. The savings from the deal will free up at least an additional $1 billion a year for Nigeria to spend on reducing poverty, and will help employ an extra 120,000 teachers and enable 3.5 million children to go to school.

Mr. Malik: I thank my right hon. Friend for that response. There is speculation in certain quarters that Britain is a net beneficiary of Nigeria's debt repayment programme. Will he confirm or deny that that is the case, and offer clarification?

Hilary Benn: My hon. Friend is right: two thirds of Nigeria's debt will be written off, and the remaining third will be paid back at a discount. The UK will receive £1.7 billion as a result, but I emphasise that the

Government of Nigeria asked for this deal, and pressed for it. Nigeria will make a one-off payment but will receive a continuing long-term benefit. As a result, it will make the savings of $1 billion in the first year to which I have referred already. That money will go on further investment in health, education, water, power, agriculture and public works. Frankly, it would have been impossible for Nigeria to have secured such a deal two years ago, as the world would not have agreed it. That is a testament to the country's efforts at reform.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): The Secretary of State will be aware that Nigeria ranks close to the bottom of Transparency International's index of corruption. What independent studies has DFID commissioned on the effectiveness of our aid to countries where there is a high level of corruption? How do such assessments affect decisions about where we target our aid resources?

Hilary Benn: I am aware that the hon. Gentleman takes a close interest in these matters, as his ten-minute Bill yesterday demonstrated. We base our assessments on the situation in different countries and we adjust the way in which we give our aid according to the outcome of the assessment. Corruption has indeed been a big problem in Nigeria for a long time, but the Government have begun to take action and the Economic and Financial Crimes Commission has launched a number of investigations that have resulted in the prosecution of high-ranking politicians and others. They have also reformed their public expenditure management.

Due to that process of reform Nigeria was able to persuade the Paris Club and the international community to back the debt deal, which is an international acknowledgement of the efforts that Nigeria has begun to make. Furthermore, Nigeria is one of the strongest supporters of the extractive industries transparency initiative and I welcome that enormously.

Gordon Banks (Ochil and South Perthshire) (Lab): Does my right hon. Friend agree that, as well as Nigeria's ability to reform further its Government institutions, which we are seeing, the paramount factor in the country's development will be its ability to grow its own private sector?

Hilary Benn: I agree. One of the ways to encourage private sector investment to Nigeria is to tackle corruption. If investors are faced with the choice between a country where corruption is endemic and a country where it has been tackled, it is not surprising if they choose to invest the money where they will not have to pay bribes.

Mr. John Leech (Manchester, Withington) (LD): I understand that the Chancellor said that there are technical reasons why the British Government cannot reduce Nigeria's debt. Can the right hon. Gentleman explain what they are and is he committed to overcoming them?

Hilary Benn: I am not sure that I follow the point that the hon. Gentleman makes, because in fact we are contributing to reducing Nigeria's debt by having agreed to the deal as part of the Paris Club. If, as may be the case, the hon. Gentleman is referring to the Export Credits Guarantee Department, he is aware that it has an obligation to break even on its activities and to recover debt owed to it. It might help the hon. Gentleman to know that Dr. Mansur Muhtar, the director general of the debt management office in Nigeria, said:

> "This deal represents a once in a lifetime opportunity to rid ourselves of the shackles of our accumulated debts and, as a country, start anew ... It is our second declaration of independence. It is worthy of celebration."

That is the view in Nigeria and that is why we supported the deal.

Drought (East Africa)

3. **Mr. Andrew Love** (Edmonton) (Lab/Co-op): What steps his Department is taking to assist drought victims in east Africa. [61827]

The Secretary of State for International Development (Hilary Benn): This is the worst drought in east Africa for more than a decade, with potentially devastating consequences. We have been responding for several months and the priorities now are water, food and supplementary feeding for malnourished children. Our contribution so far stands at £35.9 million, which makes us the second biggest bilateral donor after the United States of America.

Mr. Love: Sadly, we have been here before. Not only does the horn of Africa suffer from drought, as my right hon. Friend indicated, but even in good times people do not have the level of income that prevents them from going hungry. Will my right hon. Friend say how he sees us dealing with some of the longer-term problems so that we address both the drought and the lack of income for many people living in the horn of Africa?

Hilary Benn: My hon. Friend is absolutely right. Our first practical and moral obligation is to make sure that people do not die, which is why we are making those efforts, in particular in Kenya, where we are most worried about the situation, but also in southern Ethiopia and southern Somalia, where access is extremely difficult. Many people live on the margins year in and year out, and it does not take much to tip them over the edge, so as well as providing assistance, we need to look at ways in which we can help people to get established again. That is why we have been pioneering the safety nets programme in southern Ethiopia, which I saw for myself when I was there just under two months ago, whereby we give cash as well as food, because although most of the cash is spent on food, some of it can be saved; for example, to buy back the plough that had to be sold, to buy fertiliser or seeds, or clothes for the children. When I talked to farmers in the region, I realised the difference the programme was making to their lives. The international community needs to do both to enable people to cope.

Susan Kramer (Richmond Park) (LD): Could the Secretary of State tell us what money has been released from the central emergency response fund for the crisis in east Africa? Given the extent of that and other crises,

what efforts are being made to persuade donor countries other than the UK to build up to the CERF target of $500 million?

Hilary Benn: First, I welcome the hon. Lady to her new position as the Liberal spokesperson. As she will have discovered already, it is a wonderful job and a privilege to speak on these matters, and I wish her well in her post.

CERF has already given $13.5 million in response to the crisis, and we hope that it will provide $30 million in total to start with. I was present in New York for the launch of CERF, and to see 36 countries, including some that had not committed to the fund before, contributing $257 million, which is the total that we have got so far, was very gratifying. The fund has already proven its worth by responding immediately to the crisis, and we are doing all that we can, as well as playing our part by being a generous donor, to encourage other donors around the world to understand the nature of the crisis in the horn of Africa and to contribute accordingly.

Ms Sally Keeble (Northampton, North) (Lab): My right hon. Friend is aware of my concern about east Africa, particularly in relation to Kenya, that development assistance ends up going through different organisations either to the Kenyan Government or to be blocked by the Kenyan Government. What is my right hon. Friend's Department doing to ensure that funds that are intended for the poorest people in that country are not blocked by a corrupt Government?

Hilary Benn: In relation to humanitarian assistance in Kenya, we are working through UN agencies and non-governmental organisations. They are tried and trusted partners, and we know that the money will go to the people who are intended to benefit from it. As for our broader development assistance, as my hon. Friend will be aware, we do not give direct budget support in Kenya, precisely because of the risks of corruption. We provide support to the education system, where, because of a change that the Government have made, money goes direct from the central budget to the budget of individual schools and the allocations are written on blackboards outside the schools, so that parents can see where the money has gone. In relation to the global fund, there is still some further work to do, and it is a subject that my hon. Friend and I have discussed before.

Darfur

4. **Mr. Andrew Mackay** (Bracknell) (Con): If he will make a statement on the humanitarian situation in Darfur. [61828]

5. **Tony Baldry** (Banbury) (Con): If he will make a statement on the humanitarian situation in Darfur. [61829]

The Secretary of State for International Development (Hilary Benn): The humanitarian situation in Darfur has stabilised, owing to the massive relief effort, but it is still fragile. Security, especially in west Darfur, has got worse in recent months, which is hampering relief efforts. There is a danger that the improvements made in 2005 will be reversed. The UK remains at the forefront of efforts to provide humanitarian assistance. We are the second biggest donor, and we are providing considerable support to the African Union mission. At the peace talks in Abuja, we are pressing for a political solution that will allow people to return home and rebuild their lives.

Mr. Mackay: As the United Nations describes the western region of Darfur as having the worst humanitarian crisis anywhere in the world at present, should we not all hold our heads in shame because we have not done more to ensure security in that area? Much as I would welcome the African Union playing the principal role in Darfur, was it not unrealistic not to have given it more assistance earlier?

Hilary Benn: If any hon. Member was one of the 1.8 million people living in the refugee camps who tonight, as last night and tomorrow night, must stay there because they cannot go home, he or she may well be inclined to share the view that the right hon. Gentleman expresses. This is a test for the international community, and the fact is that the world has not done enough to protect the people of Darfur. The African Union mission went in to provide support. We were the first country in the world to provide it with help. I committed a further £20 million when I was in Darfur a month ago, and I hope that, as on other issues that we have discussed today, other countries will play their part, but I came to the view some time ago that the only long-term solution was for the United Nations to take over the mission. That is why we have pressed so hard for that to happen, and why I welcome the peace and security council's decision to carry on with planning. I hope that the Government of Sudan will co-operate with that.

Tony Baldry: With ethnic cleansing, upwards of 180,000 people murdered, 1.8 million men, women and children wretchedly displaced in camps, the security situation deteriorating and the Janjaweed still armed and active, the main responsibility for that tragic situation lies with the Government of Sudan. What is the UN sanctions committee doing? What is the UN Security Council doing to make it clear to those in Khartoum that, simply because they have oil, they cannot continue to behave like political pariahs with impunity?

Hilary Benn: I share the hon. Gentleman's frustration. As he will be aware, we pressed very hard as the United Kingdom for the sanctions committee to be established. Not every member of the Security Council was keen to do that, as we and one or two other countries were. It has now been working for a number of months, and a second report has just been produced. I hope that a conclusion will now be found, because where evidence exists that individuals—whether the rebels or representatives of the Government of Sudan, including the military—have done things in breach of commitments that they have entered into, it is essential that the international community demonstrates that we meant to take action when we set up the sanctions committee and that people begin to see that there is a price to pay as individuals if they fail to do the things that they promised to do.

Mr. David Drew (Stroud) (Lab/Co-op): My right hon. Friend will be aware that in the talks in Abuja significant progress has been made with regard to both power sharing and wealth sharing, but the issue of security is the sticking point. Is there not a strong case for him, with my right hon. Friend the Foreign Secretary, to put significant pressure on those Governments who are against the United Nations coming into Sudan? Unless those Governments change their minds, progress will be somewhat slower than we all want.

Hilary Benn: I know that my hon. Friend, as chair of the all-party group on Sudan, takes a close interest in all these matters and I agree with him. My right hon. Friend the Foreign Secretary was, of course, in Abuja just over a month ago to do precisely that. We have been working very hard to persuade those in the African Union who have reservations—it is principally the Government of Sudan; frankly, I have to say, because they lack insight into their condition—and who are responsible for what has been going on for the past three years. However, I welcome the fact that the peace and security council agreed to carry on with planning. It is important that that planning takes place so that a transfer to the United Nations can happen as quickly as possible.

Malcolm Bruce (Gordon) (LD): May I draw the House's attention to the fact that the Government's response to the International Development Committee's report "Darfur: the killing continues" is published tomorrow? I welcome that, but will the Secretary of State acknowledge that, if we are to get security and normality back into Darfur—meaning getting people back on the land—we need not just the African Union, but the United Nations and the Government of Sudan to work together to achieve that. In that context, does he not agree that it was perhaps inappropriate to give comfort to Salah Abdullah Gosh, the head of intelligence in Sudan, by granting a visa for medical treatment in this country, and that the Sudanese Government should know that, until they solve this problem, they are not welcome anywhere?

Hilary Benn: The decision was taken for the reasons that the hon. Gentleman refers to. The visa was granted because of a medical condition. I do not see any incompatibility between that decision, on an individual case, for reasons of medical need, and being absolutely clear, as we have been as a Government, about what the Government of Sudan now need to do to bring the crisis to an end.

Mr. Chris Mullin (Sunderland, South) (Lab): Is my right hon. Friend aware that there will be a long-term solution in Darfur only when all parties are willing to negotiate seriously? Is he also aware that that has not happened in the past? What is his assessment of the situation at the moment? Are all parties, including the rebels, negotiating seriously?

Hilary Benn: The talks in Abuja have been going on for two years and they have not reached an agreement. The rebels bear part of the responsibility for not having engaged in those talks with the seriousness that the situation demands. I welcome the fact that, following my discussions in Khartoum a month ago, the Government of Sudan said that they would bring forward new proposals for those negotiations. What the world now wants to see and, above all, what people in Darfur want to see, is those talks reaching a conclusion so that a deal can be done.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Following the adoption of United Nations Security Council resolution 1663 last Friday and the deteriorating humanitarian situation building up on the Chad-Sudan border, does the Secretary of State accept that it is critically important that we beef up the logistical capacity of the African Union forces stationed there, if the international community's much-vaunted adoption last year of the responsibility to protect is to have any real meaning at all?

Hilary Benn: I agree completely with the hon. Gentleman. That is why Britain is committing a further £20 million to support the AU mission and why we have already provided logistical assistance—we have provided getting on for 900 vehicles to give the AU mission greater capacity to get around in Darfur—and why I still hope that the African Union will be able to find further troops in the interim, before the United Nations comes in.

Mr. Mitchell: Is the House not right to be restless and angry at the languid approach that the various Sudanese parties are taking towards the peace talks in Abuja, which are now in their seventh round? Will the Secretary of State ensure that the British Government's considerable clout and authority, through their involvement and concern at what is happening in Darfur, are used to put the maximum pressure on all the parties engaged in Abuja to speed up the talks?

Hilary Benn: Once again I agree with the hon. Gentleman, and my right hon. Friend the Foreign Secretary did precisely that when he went to Abuja to say, in effect, "We're running out of patience." We have since seen a greater intensity in negotiations, but, in the end, it is only the rebels and the Government of Sudan who can reach a deal. It is vital that the whole of the international community—not just the British Government—makes it clear to those who are negotiating in Abuja that they now have to do a deal because it is the only way in which the 1.8 million people who will tonight once again be in those camps can go home, which is what they want.

Afghanistan

6. **Mr. Graham Stuart** (Beverley and Holderness) (Con): If he will make a statement on his Department's activities in Afghanistan. [61830]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): At the London conference, the Prime Minister signed with President Karzai a 10-year development partnership agreement to provide some £330 million of development assistance over the next three years. That is part of the overall UK pledge of £500 million—*[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Before I call the hon. Member for Beverley and Holderness (Mr. Stuart) to put his question, may I please appeal to the House to keep the level of noise down? Not only is it disrespectful to Members who still have questions and the Ministers who will answer them, but it gives a terrible impression outside this place.

Mr. Stuart: Spending on counter-narcotics in Afghanistan doubled last year to £50 million. What return is the British taxpayer receiving on that investment?

Mr. Thomas: I am sure that the hon. Gentleman will be encouraged to know that there was a 21 per cent. reduction in cultivation last year. However, we cannot afford to be complacent about last year's positive progress, which is why the deployment of further UK troops to Helmand is important. Further spending by the Department on alternative livelihoods will also be important to continue the process of tackling the narcotics trade, which is well-embedded in Afghanistan.

Joan Ruddock (Lewisham, Deptford) (Lab): My hon. Friend will know that the national action plan for women was one of the benchmarks of the compact that was launched at the successful international London conference. Will he congratulate the United Nations Development Fund for Women and the 26 Ministries that took part in preparing the plan? Will he examine carefully whether resources from his Department can be offered to the Ministry of Women's Affairs to implement the plan?

Mr. Thomas: I join my hon. Friend in paying tribute to the work of the 26 Afghan Ministries, as supported by UNIFEM, in drawing up the plan. She will know of the substantial assistance that we are giving to the Afghan budget, and the Afghans can decide how they want to spend their guaranteed resources. I have no doubt that they are serious about their action plan for women and that is powerfully demonstrated by the number of women elected to the Afghan Parliament—there are proportionally more than in the UK Parliament. We will continue to work with all Ministries in Afghanistan to promote the empowerment of women further.

Central Asia

7. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): If he will make a statement on his Department's support for the countries of central Asia in the last five years. [61831]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): In the five financial years up to March 2005, we committed a total of £28.3 million to bilateral programmes in the five central Asian countries. We are now focusing on the two poorest countries, Tajikistan and the Kyrgyz Republic.

Mr. Hands: It is now almost a year since the Andijan massacre in Uzbekistan on 12 May 2005. What assistance has the Minister's Department provided to promote good governance in Uzbekistan in the past year?

Mr. Thomas: First, I welcome the hon. Gentleman to his appointment as chair of the all-party group on central Asia. I look forward to the opportunity of talking to him about our efforts to tackle poverty across the central Asian states. In the light of what happened last year, we took the decision to end our bilateral programme in Uzbekistan, precisely because of the policies of the Uzbek Government. We continue to work with several multilateral agencies if we think that their substantial funding might exert leverage on the Uzbek Government to encourage a return to better policies and greater respect for human rights in the country.

Africa

8. **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): What key milestones he has set for his Department's work in Africa in 2006. [61832]

The Secretary of State for International Development (Hilary Benn): The Government's Gleneagles implementation plan sets out milestones for the implementation of the G8's 2005 commitments on Africa. Progress is being made, and targets for the rest of 2006 include the implementation of 100 per cent. debt cancellation by the World Bank and the African Development Bank; agreement on a plan to achieve universal access to AIDS treatment by 2010; an African stand-by force able to deploy 20,000 personnel; and the conclusion of the WTO trade round with real benefits to developing countries.

Jim Sheridan: I thank my right hon. Friend for that response. The report of the Commission for Africa was published just a year ago for Africa and for Gleneagles and for beyond that. How will the commitments made by the world community be monitored and what mechanisms will be put in place thereafter?

Hilary Benn: The commitment will be monitored first by the Africa Partnership Forum, representing donors and the countries of Africa. Above all, it will be monitored by the people who marched, campaigned, lobbied and wrote letters to ensure that in 2005 it was possible to achieve the real progress that we saw. In the end, it will be the public and those who are passionate about fighting poverty who will determine whether we are making progress.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [61810] **David Taylor** (North-West Leicestershire) (Lab/Co-op): If he will list his official engagements for Wednesday 29 March.

The Deputy Prime Minister (Mr. John Prescott): I have been asked to reply. As the House will know, my right hon. Friend the Prime Minister is on an official visit meeting the Heads of Government in Australia,

New Zealand and Indonesia. While away, my right hon. Friend has supported all our athletes competing at the Commonwealth games. I am sure that the House will wish to congratulate all of them on their success. [HON. MEMBERS: "Hear, hear."] My right hon. Friend has addressed the Australian Parliament and today has participated in a climate change conference in New Zealand. In Indonesia, he will meet the President and Islamic leaders.

David Taylor: The Prime Minister's antipodean away-days are surely unconnected with my appearance for Question 1 *[Laughter.]* In my right hon. Friend's absence, the row about links between private philanthropy and political preference rumbles on. It has been a major problem for all parties since Lloyd George through to Asil Nadir and up to the present day. Will the Deputy Prime Minister tell me when we plan to deliver on our manifesto—page 110—with a major reform of the House of Lords and the clean up of party finance, which as his predecessor, Lord Hattersley, said in Monday's edition of *The Guardian*, appears to be a choice between state funding and millionaires' handouts?

The Deputy Prime Minister: I am delighted that my hon. Friend is giving me full support for our manifesto—that is not necessarily always guaranteed. My hon. Friend has raised an issue that many feel strongly about. I should make it clear that our manifesto pledge related to the absurdity in the 21st century that hereditary peers still have a major role in making the laws of our country. Let me be clear to the House about what our manifesto said. It said that we wanted to get rid of the remaining 100 hereditary peers and that we wanted to change the rules that affect the Orders of the House of Lords, which prevent the will of this House being carried out on identity cards, for example. That is what we intend to change. That is the manifesto commitment, and we will carry it out.

Mr. William Hague (Richmond, Yorks) (Con): What representations did the Deputy Prime Minister make to the Chancellor of the Exchequer to continue the £200 payment to help pensioners with council tax?

The Deputy Prime Minister: I am delighted to see the right hon. Gentleman back on the Opposition Front Bench in a leadership role. It seems that the Tories have been going through leaders so fast that they have started at the beginning again. They are now so green that they are even recycling their leaders. [HON. MEMBERS: "More, more".] Us Rotherham lads must stick together, must we not?

As for the £200 payment, yes, we had discussions with my right hon. Friend the Chancellor of the Exchequer. Yes, we discussed the winter fuel payment of £200. *[Interruption.]* No, it was a commitment to pay that council tax rebate in one year, as we did. We have given a considerable amount to pensioners. If the right hon. Gentleman considers the record of what we have done for pensioners against what he did in Government, I will be proud to stand against our record. *[Interruption.]*

Mr. Deputy Speaker: Order. This shouting must stop.

Mr. Hague: The Deputy Prime Minister should be more sympathetic to elderly council tax payers—he is over 65 and he did not pay council tax for years. This week, figures show that council tax has risen by 84 per cent. since the Government came to office, and that a typical pensioner couple will have to pay £254 more in council tax next year than this year. What was so special about election year, that pensioners needed £200 help with the council tax just for that one year?

The Deputy Prime Minister: It is the Government's overall policy to consider payments to pensioners and other things that we give them in the round. That is what we have done, and that is what we continue to do. As for the argument about the payment of council tax, let me remind the right hon. Gentleman of the comparison between our Government and his Government. We gave in the response a 39 per cent. increase in real terms in council tax, compared with the last five years of his Government, when he had some influence and there was a 7 per cent. reduction in real terms of the contribution to councils for council tax.

Mr. Hague: I think that there was so little English in that answer that President Chirac would have been happy with it. The fact is, Age Concern said that the Chancellor's decision "beggars belief", and Help the Aged described the payment as a "pre-election bribe" that exposed

"a shameful level of political expediency."

As the Government think that pensioners need £200 to help with council tax only when an election is due, does the Deputy Prime Minister understand why people are so cynical about politics?

The Deputy Prime Minister: I think that cynicism about politics has more to do with 18 years of Tory Government. Can I say to the right hon. Gentleman that it is true that I may get the grammar wrong? I have to take the blame for that, as that was my education, and I am responsible for it, but I would sooner get the words wrong than get my judgment wrong. After all, he was the leader who slammed Bank of England independence, who claimed that the minimum wage was the height of irresponsibility and would cause unemployment, and who said that Lord Archer was a man of integrity. If there is a choice between getting my words wrong and getting my judgment wrong, I would sooner have my problem than his. As he mentioned President Chirac, does he still believe those who describe the French as "cheese-eating surrender monkeys"? If he does, it makes me look like a master of diplomacy.

Natascha Engel (North-East Derbyshire) (Lab): The tourism season is about to begin with the arrival of spring, and the days are getting longer as the clocks went back this weekend. With that topical thought in mind, will the Deputy Prime Minister join me in welcoming the building of the world's largest clock—the Solar pyramid, which is an enormous, beautiful sundial in North-East Derbyshire? Will he accept my invitation to visit the newest and best tourist attraction in Derbyshire once it is built?

The Deputy Prime Minister: I would always be delighted to visit Derbyshire. This has a great deal to do with the very successful coalfield community policy that

we introduced, providing £500 million to try to restore communities that were destroyed by the Thatcher Government when they closed down the mining industry. I am delighted to hear about the structure to which my hon. Friend referred, and I am well aware that it is connected to Skinner's junction. I think that it will be a memorable place to visit, and I look forward to accepting her invitation.

Mr. David Heath (Somerton and Frome) (LD): Let us get back to the council tax, because I do not think that we quite received an answer. Since the Deputy Prime Minister took office in 1997 council tax bills have nearly doubled. Whose fault is that?

The Deputy Prime Minister: First, let me welcome the hon. Gentleman to his role as acting deputy leader. We all know that the election will take place after today, and I wish him well. The matter is riveting the nation's attention—in fact, on my visit to Hull last weekend they talked of nothing else in the pubs.

Let me be absolutely clear. The hon. Gentleman well knows that we have given more to councils than any other Government—a 39 per cent. increase, and increases in services. When one compares local authorities and the payment of council tax, again Labour is providing better service at a lower council tax than either Liberal or Tory councils.

Mr. Heath: I am grateful for the right hon. Gentleman's good wishes, though I am not sure that they will help me much. Let us get this right. He is saying that thousands of councillors throughout the country and on all councils, whether they are Conservative, Liberal Democrat or Labour, have taken collective leave of their senses year after year to push up the council tax, and that is nothing to do with the Government. He is also saying that this year council tax has gone up by twice the rate that the pension has gone up, and he is taking away the £200 rebate. Is not the answer to council tax not to cap it, but to scrap it?

The Deputy Prime Minister: The hon. Gentleman is well aware that the debate is going on in the Chamber about what the alternative should be to a council tax or what changes we should make. That is why we have appointed the Lyons inquiry to look into it. I do not know whether the hon. Gentleman is a candidate in the election and whether he is still advocating a change to a local tax. It is clear that with a local tax, many people would pay an awful lot more than the present council tax. Policy is changed fast by the Conservatives, and even faster by the Liberals. I will wait to see what happens in the election and what the Liberals propose as the alternative to the council tax. We will bring forward our proposals and see what their alternatives are.

Post Office Card Account

Q2. [61811] **Mr. Eric Illsley** (Barnsley, Central) (Lab): If he will reconsider the Government's decision not to renew the Post Office card account after 2010.

The Deputy Prime Minister: This is where closed questions always catch you. *[Laughter.]* When you get the briefing, they say, "This one's a closed one," and you say, "Oh, yeah."

Offering people the opportunity to access their benefits through the post office is an important objective to the Government. The Department for Work and Pensions and the Post Office are discussing how this can be achieved when the present contractual arrangements end in 2010.

Mr. Illsley: I am grateful to my right hon. Friend for that reply. As he is aware, the decision by the Department for Work and Pensions not to renew the Post Office card account after 2010 has caused a great deal of concern, especially among pensioners, particularly as to the future of the sub-post office network. Will my right hon. Friend, together with his colleagues in the DWP, work with the major banks and with the Post Office to find a successor account to the Post Office card account from 2010 and get that agreed as quickly as possible, to stop the scaremongering and the fears about the future of our sub-post offices?

The Deputy Prime Minister: The House would agree that every DWP customer who currently collects their benefit from a post office will still be able to do so if they wish. There will be about 25 banks associated with the Post Office order, which can be accessed at post office branches. We hope that that number will grow in the future. I am told by the Post Office that it is developing new banking products for its customers and some of those will be available to existing Post Office card account holders. The point is sometimes made that transferring to a bank account may offer the individual a higher rate of interest than on the Post Office account, but the Government's objective is that there should be a range of alternatives to choose from.

Mr. Nigel Evans (Ribble Valley) (Con): But is it not a fact that there are over 4 million pensioners with Post Office card accounts, and millions of those do not have bank accounts at all? Stripping them of that vital lifeline is yet another kick in the teeth for our pensioners and a certain death sentence for thousands more of our post offices. Why are the Government so intent on going ahead with such a callous act against our pensioners?

The Deputy Prime Minister: The concerns expressed by the hon. Gentleman have been expressed on both sides of the House. The contracts go on until 2010. Before then we will have to consider the full effect. Of course, many pensioners now have an awful lot more money to put into bank accounts, and more and more are changing to bank accounts, but it is a problem. If we look at the changes that are taking place and being discussed with the Post Office, perhaps we will come to a better conclusion nearer the end of the consultation. The discussions are still under way.

Engagements

Q3. [61812] **Paddy Tipping** (Sherwood) (Lab): Given the Deputy Prime Minister's long-standing involvement in the local government pension scheme, and following yesterday's industrial action in local councils, what steps does he intend to take to ensure that meaningful discussions take place to resolve the dispute?

The Deputy Prime Minister: It is an obvious regret to us all that the trade unions took yesterday's industrial action. To be honest, I did not feel that industrial action was necessary, because the negotiations could have continued. The Government's role is to act as a regulator, and the House has given me the authority to act as a regulator and make sure that the funded scheme is a viable scheme. That is my responsibility, and I intend to fulfil it. The negotiations are between employers and employees. As I have said in a statement to the House, we intend to introduce a regulation this week setting out the changes to the pension arrangements from April that will affect local government pensions. In the meantime, I appeal to all involved to return to the negotiating table. I am pleased to tell the House that those involved are meeting again at 12.30, and the Government are encouraging them to reach an agreement. Jaw-jaw is always better than war-war—I am not sure whether I have always thought that throughout my colourful life, but at this stage, I certainly do.

Q4. [61814] **Lembit Öpik** (Montgomeryshire) (LD): Last year, my father died of motor neurone disease, as do 100,000 people worldwide every year. The good news is that recent medical breakthroughs mean that a cure is almost in our grasp. Will the Deputy Prime Minister join me in endorsing the Motor Neurone Disease Association's commitment to finding that cure? And will he ask the Prime Minister to meet representatives of the association to hear their thoughts and plans on how together we can end that tragic and heartbreaking illness?

The Deputy Prime Minister: I think that the whole House will want to join me in sending our condolences to the hon. Gentleman on the difficulties that he is going through in his personal circumstances. I am sure that we all know about hon. Members on both sides of the House who have been afflicted by that terrible disease. Not long ago, I visited the former hon. Member for Doncaster, Kevin Hughes, who is suffering from that terrible disease. He is still going out canvassing, which is a remarkable reflection on the man, and I am sure that hon. Members will want to send our best wishes to him. [HON. MEMBERS: "Hear, hear"] I am also sure that the whole House will want to endorse the work of the Motor Neurone Disease Association. In addition, I welcome the national service framework for long-term conditions, and a £20 million research initiative is now under way to try to speed up the development of new medical treatments for that terrible disease. I am sure that my right hon. Friend the Prime Minister will accede to the hon. Gentleman's request to meet the association and discuss the matter. We wish all the best to those who are looking at the experiments and conducting research to try to find an answer to that terrible disease.

Q5. [61815] **Mr. David Winnick** (Walsall, North) (Lab): Looking on the bright side, unlike my hon. Friend the Member for North-West Leicestershire (David Taylor) a moment ago, does my right hon. Friend agree that by doing its job, the House of Lords Appointments Commission has brought about the full disclosure of political loans—we have given the names, unlike the other side—a full public debate about party donations, which has been useful, and a further stage of House of Lords reform, which will apparently take place shortly? All that took place in a fortnight—was that not good work?

The Deputy Prime Minister: I do not know whether the whole contribution was supposed to be funny. My hon. Friend has made a serious point, and I am sure that the recent stories about loans to political parties have undoubtedly caused concern on both sides of the House. As he has said, there has also been a wider public debate about how political parties should be funded. On the one hand, people do not like the idea of wealthy people financing parties, but they appear to be equally strongly against state funding of political parties, which has been my position for a long time. I think that we will have to move towards a form of state financing. [HON. MEMBERS: "No, no"] I hear hon. Members saying, "No", but the Short money is state financing, and I have not seen anybody turn it down. We should not forget that the Government have already introduced some of the reforms to make party funding more transparent, and we have asked Sir Hayden Phillips to review the issues and report by December, which is the best course of action that we can take.

Q6. [61816] **Stephen Hammond** (Wimbledon) (Con): My constituency is part of the outer-London borough of Merton. Our schools are under severe financial pressure. Part of the reason for that is that we pay our teachers the inner-London weighting, but do not receive from the Government the same grant as inner-London boroughs. Will the Deputy Prime Minister agree to meet me to discuss that anomaly and commit today to sort out that inequity for our borough?

The Deputy Prime Minister: I assume that that was an eloquent plea for more money. The hon. Gentleman's constituency has 50 more teachers, 340 more teaching assistants and 420 more support staff than in 1997, and that costs money. I take his point about the differential between what teachers are paid in London and outside, and that also applies to firefighters and the police. It does cause difficulties and we try to deal with it. However, he is getting £1,320 more funding per pupil and that is a lot of money. It has improved education, along with more than £1 million of capital investment.

When the hon. Gentleman criticises how much money we have put in, he should take into account the principle proposed by the Leader of the Opposition on the relationship between growth and spending. As my right hon. Friend the Chancellor pointed out in the Budget, that means £17 billion less in public expenditure, as agreed by the shadow, er—whatever she is. What is her title? [HON. MEMBERS: "Chief Secretary."] Yes, shadow Chief Secretary. I see that she has moved down the Front Bench today, because she went on television and, much to her credit, admitted that the principle would mean a cut in public expenditure. The hon. Gentleman should get his Front Benchers sorted out first.

Q7. [61817] **Martin Salter** (Reading, West) (Lab): Many people, including the shadow Attorney-General have called for complete transparency in party funding. Has my right hon. Friend considered introducing legislation to force political parties to reveal all their sources of funding, say, prior to the last three general

elections? That would show us exactly how much of the £1 million donated by the Chinese heroin baron Ma Sik-Chun in 1994 was used to fund the Conservative party printing press in Reading.

The Deputy Prime Minister: It does sound like a Chinese takeaway problem. My hon. Friend makes an interesting point and no doubt he will pursue it with his usual vigour.

Mr. William Hague (Richmond, Yorks) (Con): Would the Deputy Prime Minister agree that he was right to warn the Prime Minister that Government instability would result from saying in advance that he would go?

The Deputy Prime Minister: The right hon. Gentleman must know that I did not say that at all. Even though he has difficulty understanding what I say, I clearly did not say that. I said that it might cause uncertainties, but as I said on that day, the Prime Minister will make his decision and name the day when the time is right, and the transfer will happen before the next general election. That is the Prime Minister's commitment and that is what we are saying, and that is an important point. I know of no other leader who has made such a commitment as Prime Minister. I know that that would be difficult for the right hon. Gentleman, because he was the first Tory leader never to become a Prime Minister.

Mr. Hague: Well, that was the 2001 election and at least I got through the campaign without hitting anybody. Let us look at the state of this divided Government. The former Secretary of State for Health is attacking the Budget in the Budget debate; the Minister for Higher Education and Lifelong Learning is saying that people are being taxed to the limit; allies of the Chancellor are going around saying, "Gordon is desperately unhappy"; and the Prime Minister has fled the country before the police turn up.

The Deputy Prime Minister was asked at the weekend when the Prime Minister would go and he said:

"I still think the timetable in people's minds is still reasonably the same."

What is the timetable?

The Deputy Prime Minister: That is for me to know and him to guess. *[Laughter.]* There is constant reference to the incident that occurred during my election campaign, but I thought that we had finished Punch and Judy politics here. I know that I will be called Mr. Punch—what does he think that that leaves him as? *[Laughter.]* I have to say to him that he did lose that election, and a great deal has changed since he was last on the Front Bench. What has not changed is that I am on this side in government and he is on the side of the losers. That was the result of that election, and we will continue to be successful at introducing the economic prosperity, social justice and economic stability that no other country has been able to match. I am quite proud of that. I might say to the right hon. Gentleman that he is a very good example of the fact that the election of a Labour Government means great personal prosperity—for himself.

Mr. Hague: Can the Deputy Prime Minister honestly tell the House that the Government can seriously deal with the problems facing the country when we have a Prime Minister who says that he will not go until the NHS is fixed and a Chancellor who will not even mention it in his Budget, a Prime Minister who wants an end to pensions means-testing and a Chancellor who is introducing more of it, and a Prime Minister who wants to reform public services and a Chancellor who is a roadblock to reform? Is it not time that the country knew who was running the Government—the man smouldering next to him or the man in the departure lounge on the other side of the world?

The Deputy Prime Minister: I think that the right hon. Gentleman must know about divisions in his own party. I am not conceding that what he said is right. His judgment is questionable, as I have already said. I can remember him 30 years ago when he was just 16—a little Rotherham lad speaking at the Tory party conference in 1977. I remember him saying what life would be like if Labour was in government in 30 years' time. He will recall that he said that. Well, to coin a phrase—"Have I got news for you?" We are here with low mortgages, low inflation, 2 million back at work, a national minimum wage, and 800,000 kids lifted out of poverty—that is what happened with a Labour Government in 30 years' time. I will tell him something—he can have that speech for free.

Q8. [61819] **Mr. Eric Joyce** (Falkirk) (Lab): Does my right hon. Friend agree that the 1.3 million people who will receive a pay rise in October and the historically high levels of employment in Falkirk and across the country show that the national minimum wage is fulfilling its function precisely?

The Deputy Prime Minister: My hon. Friend is absolutely right. The latest increase in the minimum wage will benefit around 1.3 million workers, 66 per cent. of them women. Of course, hon. Members will be aware of the sustained growth, with more than 2 million extra people in employment than in 1997. We continue to support those who get paid the least, despite Opposition spokesmen having told us that the minimum wage would cause mass unemployment. It did not. We got the minimum wage and high levels of employment. The Low Pay Commission shared our aim; that is why we have accepted its recommendations. I am proud that this Labour Government introduced the minimum wage—one of the founding goals of our party and the reason why we can say that economic prosperity and social justice go hand in hand. That is an important part of the policy that has been pursued by this Government.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): When the Prime Minister and the Deputy Prime Minister came to Shrewsbury in 2000 during the terrible flooding, they promised that Shrewsbury would be protected from flooding in future. So far, only a tiny area around the council offices has been protected. I have two questions: first, when will the right hon. Gentleman fulfil the pledge to Shrewsbury; and secondly, when will he return the wellington boots that he borrowed from the Environment Agency locally, because he has still got them?

The Deputy Prime Minister: No, I have not got them and I do not know what happened to them. I think that that is a little story that the hon. Gentleman picked up along the way.

I visited Shrewsbury along with many places that had been flooded. We increased the amount of money for flood protection to £500 million. It was far less under the previous Administration. As to where and who built the defences, the Environment Agency determines the most dangerous points, for which greater protection is needed. I do not know whether the council office is one of those points. We have provided the resources and, when flooding last occurred, Shrewsbury was pretty well protected from what had happened previously. I therefore think that we have done well.

Q9. [61820] **Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): Is my right hon. Friend aware of the proposed restructuring of health services in the Pennine acute services area, which will mean the withdrawal of special care baby units, maternity and children's services from the people of Rochdale, Bury, Rossendale and other parts of east Lancashire? Does he agree that that is unacceptable and that the reconfiguration should be reviewed?

The Deputy Prime Minister: I understand that the proposals for the changes in the children's services in the area are part of a wider review, about which my hon. Friend knows. That review is currently in consultation until 1 May. I am sure that his views and those of the local population will be taken into account during that process. I know from my visit to my hon. Friend's constituency how active he is on behalf of his constituents and I am sure that his voice will ring loudly in the ears of those who make the decisions.

Deepcut Review

12.31 pm

The Minister of State, Ministry of Defence (Mr. Adam Ingram): On 15 December 2004, I informed the House that I had commissioned a review into the circumstances surrounding the deaths of four young soldiers at Princess Royal barracks, Deepcut, during the period 1995 to 2002. As I told the House then, I was aware that its scope and nature may not satisfy all those, including hon. Members, who have been calling for a formal public inquiry into combat deaths in the armed forces, especially the four deaths at Deepcut. I said that by concentrating on the circumstances of the four deaths, the review would focus on the issue at the heart of current public concern.

The review has been undertaken by the distinguished human rights lawyer, Mr. Nicholas Blake, QC, and is now complete. Copies will be placed in the Libraries of both Houses. This morning, the families had the benefit of a briefing by Mr. Blake on his conclusions. I know that this will be another difficult day for them; the passage of time, in such sad circumstances, does little to lessen the pain. I hope that they will find at least that Mr. Blake has addressed carefully and sensitively the questions that have troubled them. I acknowledge the dignity with which they have conducted themselves over this long period.

I am grateful to Mr. Blake for the thorough and professional way in which he has approached his task. In conducting his review, he has had the full co-operation of the Ministry of Defence. He has had full and unrestricted access to our records, and all serving and retired soldiers were encouraged to help the review in any way they could. I am satisfied that the report, which runs to 416 pages, plus annexes, represents an independent, objective and comprehensive analysis of all matters that have a bearing on the four deaths, and that Mr Blake has not been constrained by his terms of reference. Importantly, he has been able to tackle the wider issues.

There were three issues about which much comment had been made on events at Deepcut: the alleged suspicious circumstances of the deaths, a claimed culture of bullying and the need for a formal public inquiry. I am pleased to note that Mr. Blake makes substantial findings on all three points. First, he has concluded that, on the balance of probabilities, the deaths of Sean Benton, Cheryl James and Geoff Gray at Deepcut were self-inflicted. Given the recent coroner's inquest into the death of James Collinson, he understandably refrains from reaching any conclusion on that particular death. However, he comments that the opportunity for self-infliction was afforded by the policy of frequently assigning trainees at Deepcut to guard duty, unsupervised by experienced soldiers.

The review found a number of factors that may have contributed to the trainees' unhappiness and may have made them more susceptible to self-harm. The review considers that,

"although the Army did not cause any of the deaths",

there were institutional failures to identify potential sources of risk and subsequently to address them. On the question of bullying, Mr. Blake states that there is no evidence that any of the trainees were bullied to death. However, he accepts that some trainees at Deepcut—probably only a small minority—experienced harassment, discrimination and oppressive behaviour. Those who did not complain appear to have had little confidence that the system could or would address their grievances. These are important criticisms, which will be addressed.

Finally, on the question of a public inquiry, as I indicated in my response to the earlier House of Commons Defence Committee on this matter, I did not consider that a formal public inquiry was required. The Defence Committee was of a similar view. In a carefully reasoned examination of the arguments for such an approach, Mr. Blake has concluded that a public inquiry into the immediate or broader circumstances surrounding these deaths is not necessary. I reaffirm my earlier position and concur with his conclusion.

This review, taken alongside the other inquiries and inquests into the deaths at Deepcut, has set out with great clarity the circumstances of the four deaths and the context in which they occurred. We now need to move on and take forward the changes that are required. We accept Mr. Blake's conclusions and welcome the opportunity to address his recommendations. We accept that there have been shortcomings, and we will do all that we can to address them.

Although the purpose of the review was not to attribute blame, Mr. Blake has described a disturbing catalogue of allegations of misconduct at the relevant times. The Army authorities will carefully examine the report to see whether there is any indication of professional misconduct or negligence that might make administrative action appropriate. In addition, any matters that suggest that a disciplinary offence may have been committed will be referred to the Royal Military Police for further investigation. We will also have to take into account the overall training environment in which our personnel were working and the constraints faced by those in the command chain.

Mr. Blake understands the importance, particularly for the Army, of recruiting under-18s, but he has highlighted weaknesses with regard to their appropriate care. We are alive to that issue and we are improving the standard of care and support afforded to young recruits. For example, trainees' surveys have been established and a note of guidance for all commanding officers covering all aspects of working with under-18s has been produced. Furthermore, Mr. Blake particularly commends the specialist training regimes for 16-year-olds established at the Army Training Regiment, Bassingbourn, and the Army foundation college, Harrogate. However, there is clearly still more to do, especially in extending best practices such as those at these establishments, and we are committed to implementing such changes as far and as quickly as we can.

The quality of our armed forces and the professional way in which they were, and are, meeting their operational commitments is evidence of the quality of military training, and I pay tribute to that without hesitation. The report describes the British Army as a unique and extraordinary institution. For the past decade or more, it has been sent on a wide variety of operational deployments in many parts of the world, involving great personal danger and regular personal sacrifice.

[Mr. Adam Ingram]

The report notes that many of the young people who are, or were, accepted as recruits into the Army have had very challenging lives as children. A high proportion were from single-parent homes, some had left school with no qualifications, and many had deficits in basic skills. The report comments that it is a remarkable challenge to turn these young people into effective soldiers forming part of a disciplined and interdependent team. It is worth noting that Deepcut alone sent approximately 10,000 trainees into the field Army during the period covered by the review.

However, the number of young people, particularly those under 18, that the services employ places particular responsibilities on us to recognise their potential vulnerability. We are committed to improving the way in which all our recruits are trained, developed and looked after. In view of that, and in light of the recommendations made in previous recent reports by the Defence Committee and the adult learning inspectorate, work has already been done, and continues to be done, to make changes for the better.

As in society as a whole, bullying, harassment and other inappropriate behaviour can never be totally eliminated in the armed forces. However, it is essential that we establish an environment in which bullying is wholly unacceptable. At every stage of their training and careers, it is made very clear to personnel that bullying and harassment, in any form, is not tolerated, and that it is part of their duty, and a function of leadership, to eliminate it.

It is a sad and unfortunate fact—again, just as in wider society—that the armed forces will never be able to eradicate the tragic incidence of suicide or self-harm. However, the risks can be reduced to a minimum by careful management, pragmatic policies and better understanding, knowledge and education. As the Blake review makes clear:

> "Every Officer, NCO, civilian instructor and trainee should be alert to any sign of abuse and be required to report it through the chain of Command, so prompt and effective action can be taken".

The Armed Forces Bill, currently being scrutinised by a Select Committee of this House, contains proposals to streamline the complaints redress system, including provision for an independent element. Also, the Bill will consider aspects of the procedures applying to boards of inquiry. The review makes recommendations in those two important areas. We will give full consideration to those recommendations, and the Bill gives us the opportunity to implement any changes deemed appropriate.

The report has identified areas in the training environment, especially between 1995 and 2002, that required improvement. It cites examples of inappropriate behaviour that should not have taken place. It also identifies areas where we can, and should, improve the way in which we manage the young people for whom we are responsible, and we accept those observations. We now need to look at every one of Mr. Blake's 34 detailed recommendations to see how they should best be taken forward to address the weaknesses identified as quickly and as effectively as possible. I also urge right hon. and hon. Members to take time to analyse Mr. Blake's report in full prior to forming their own opinions.

Mr. Blake has given us a detailed and painstaking report of considerable substance. I am confident that it will provide further impetus for improvement. I can assure the House of my determination to deal with the issues that he has raised, and I undertake to provide a detailed formal written response to the House on all the recommendations. I am determined to ensure that everything possible is done to prevent similar tragedies occurring in the future.

I have enormous confidence in the dedicated men and women working as instructors in our training organisation. I want to make sure that they have the support, the resources and the facilities that they need to pursue excellence. The trained young men and women they produce lie at the very core of how we deliver on the defence interests of this country. Their efforts have to be matched by commitment from the very top of the MOD.

Mr. Blake concluded his report with his profound condolences to each of the families concerned. On behalf of the Ministry of Defence, I again add my condolences.

Dr. Liam Fox (Woodspring) (Con): I am grateful to the Minister for his statement and for allowing us advance sight of it.

This is a statement that all of us in the House wish had never been made necessary by events. It deals with complex and difficult issues. Above all, it deals with the very human tragedy of the death of four young people, whose pride in their endeavours is all too obvious from their photographs in the first four pages of the report. I reiterate my sympathy and that of my colleagues for the families, whose grief and sadness few of us will be able to understand.

The issues are complex, because they require a difficult and sophisticated balance. On the one hand, the British Army needs individuals who will put themselves in the line of fire to protect us. That inevitably requires a robust and tough training programme, and a culture unlike that of civilian life. On the other hand, the Army has a duty of care to each individual under its command.

As the Minister makes clear, social trends in this country have increased the number of recruits from broken family backgrounds, with poor academic achievement and, often, deficits in basic skills. That the Army is able to turn so many of them into world-class soldiers is something of which we should all be proud. Equally, however, we should be alarmed that the suicide rate of those under 20 in the Army is well above that in the comparable civilian population, and significantly worse than in either the Air Force or the Navy. That requires further academic research, and I hope that the Minister will ensure that it is undertaken.

The key questions are whether any of the deaths could have been foreseen, whether there was any cover-up or failure of investigation, and whether anything would be usefully served by a public inquiry. Let me deal with those questions in order.

The factors that might contribute to individual deaths include the make-up and suitability of the recruits, their disciplinary and supervisory framework, and the physical environment in which their training took place. Let us remember that of the four recruits, Geoff Gray and James Collinson were under 18, Cheryl James was just 18, and Sean Benton had been described in

his records as having an immature personality. Additionally, both Sean Benton and Cheryl James had medical records of self-harm prior to recruitment. My questions to the Minister are whether or not there is sufficient profiling of potential recruits, how parents can be better involved in the recruitment interviews, and whether there should be automatic availability of NHS medical records prior to a recruitment decision.

Next, there are major questions about the disciplinary and supervisory regimes affecting the four recruits. In all cases, the regime for unsupervised armed guard duty for inexperienced soldiers gave the opportunity to obtain a weapon, and to provide an isolated spot in which to use it. That breaks two rules in the duty of care to vulnerable individuals. In addition, cuts in the number of non-commissioned officers make the environment less secure and diminish the relationship with recruits. As a consequence, the trust in the chain of command to deal with grievances, including bullying and abuse, will diminish.

There is one very specific issue. Can the Minister tell us how much he believes the indeterminate length of phase 2 training contributes to recruit dissatisfaction, and what the Government intend to do about it? The fact that all those failures occurred does not just represent a clear institutional failure on the Army's part—worse, they had been highlighted for many years by individual commanding officers whose internal and external recommendations were often ignored or implemented too late. As the report produced by Colonel Haes back in 2001 states,

"the Army Training and Recruitment Agency does not have a coherent policy that can be costed and measured. The ATRA is failing in certain aspects as a result of reduction in the military workforce and increased obligations . . . the current situation is tenable only as long as there is no major incident or complaint".

The physical environment at Deepcut also attracts considerable criticism. There was poor quality accommodation, especially in the case of sanitary and washing facilities. There were poor recreational facilities, leading to a restricted personal life, and a configuration of the camp that led to more frequent guard duties. The Minister must deal with those issues as a matter of urgency.

While the report makes clear that there is no evidence of collusion or cover-up, or failure of investigation, it is essential that the Royal Military Police ensure that their investigative procedures are equal to the best practice in civilian policing. Although the report suggests that that is best done by its being brought within the regime of Her Majesty's inspectorate of constabulary, I think that we would be wise to consider whether a further incursion of civilian institutions into the Army would be more beneficial than an internal mechanism.

Finally, there is the issue of a potential public inquiry. The conclusion reached in the report that,

"no new reliable evidence as to how the four trainees met their deaths is likely to be available"

is a powerful one. There are those who believe that a public inquiry is essential to restoring public confidence in the Army. First, I do not believe that the British public have a general lack of confidence in the British Army. Secondly, I believe that rather than dealing with any specific anxieties, such an inquiry would be likely to provide further scope for ill-informed speculation with the potential to damage both morale and recruitment. The Government must consider that extremely carefully.

So what have we learned, and what do the Government need to do? We need better recruitment selection as a matter of urgency. We need training for NCOs so that they can understand and deal with specific vulnerable individuals. We need trainees to understand what is acceptable and unacceptable behaviour from their superiors, and a grievance procedure whereby they are taken seriously. We must end the practice of guard duty being used as a punishment for trainees. To encourage future recruits and, therefore, future soldiers, both recruits and their families need to be confident that the British Army can deliver a culture of nurture and training, free from bullying and harassment. For this, proper supervisory ratios are crucial.

Ultimately, the British Army must learn from the mistakes that it made in these terrible tragedies, and ensure that the self-sacrifice referred to in the military covenant is met by an equal duty of care from the institutions of the Army itself.

Mr. Ingram: I thank the hon. Gentleman for his opening comments, and it seems that we are more or less on the same territory regarding our analysis of what needs to be done. He will appreciate that this issue goes back to 1995, when substantial changes were made that undoubtedly impacted adversely on the training pipelines' capacity to deliver. As ever, it takes time to turn such a situation around. We have been under constant examination and there has been a constant process of renewal and investment. Each time, we must ensure that what we do has an effect. The hon. Gentleman will agree that it would be wrong to rush to a judgment or a solution; we have to make sure that our efforts deliver.

The hon. Gentleman made a number of specific points, but I take issue with his analysis of the suicide rate. I do not want to debate statistics, other than to make two points. First, one death is one death too many, but he was right to point to the increase in the number aged under 20 who committed suicide, or for whom an open verdict was recorded following an inquest. Secondly, for those aged 19 and under, the standard mortality ratio was significantly high during 1989 to 1993 and 1994 to 1998. However, for the period 1999 to 2003, the ratio, although still high, was not statistically significant. As I said, I do not want to trade statistics, and one death is one death too many, but let us not over-extend the analysis.

The hon. Gentleman made a very good point about the need for medical profiling and the involvement of parents. Mr. Blake's report is very clear on these issues and we already engage very closely with parents. Anyone who cares to visit a training establishment will see the joy on the parents' faces. As the hon. Gentleman said, even at those locations other than Deepcut that have been criticised, parents are delighted to see how the Army has turned their sons and daughters into members of society of whom they can be proud. However, more needs to be done and we need to make use of medical profiling. We need the best analysis of those who are coming into our care.

On phase 2 and soldiers awaiting training, the statistics show that improvements have been made. The number of soldiers awaiting training for more than

[Mr. Ingram]

14 days each month has reduced by 59 per cent. across the Army, and by 45 per cent. at Deepcut. We are alert to the gap between phases 1 and 2—to what could happen in between if such soldiers are not given attention and gainful employment—and we are seeking to make improvements.

On the Haes report, to which the hon. Gentleman referred, if Colonel Haes visited the training establishments today—as the adult learning inspectorate does, both announced and unannounced—he would find an entirely different regime. It is not perfect and it does need improving, but some substantial issues have been addressed.

I take note of what the hon. Gentleman said about the Royal Military Police, and we are alive to this issue. Her Majesty's inspectorate of constabulary will run a slide rule over the RMP's special investigations branch, which is at the critical end of the investigative capacity, to make sure that the RMP meets the very high standards that have been set. That is not to say that it does not already do so; the RMP is already audited and examined frequently through case review. It has high standards, and it meets the high standards expected of the civilian police, but there are lessons to be learned, as ever. Even in respect of the civilian police, we must constantly examine what is being done in our name.

The hon. Gentleman referred to guard duty being used as a punishment—a critical issue with which the report deals. Mr. Blake makes a very powerful and potent point about guard duty, which is under review. Indeed, we have made considerable progress. No under-17s are involved in guard duty and we are increasingly employing civilians to carry it out. It is proving difficult to recruit people to take on this job in the areas where establishments are located, but we have invested considerable resources and we are trying to build capacity. Over time, that type of guard duty will no longer apply. Its use as a form of punishment is under review, and my guess is that it will not continue.

Nick Harvey (North Devon) (LD): I thank the Minister for advance notice of his statement and for the opportunity to go into the Ministry of Defence this morning to read the report on these tragic events. I echo the condolences expressed to the families concerned.

The Minister made only an oblique reference to the review's recommendation 26, which I consider the key recommendation. It states:

"There should be established a Commissioner of Military Complaints (the Armed Forces Ombudsman) independent of the 3 services".

The Minister said that he will give further thought to that proposal, which is of course supported by the Defence Committee. Does the Ministry of Defence's own Army survey not show that a staggering 85 per cent. of soldiers say that there is bullying in the Army, and that in the past 12 months more than a quarter of soldiers had lodged complaints and were not satisfied with the way in which they were handled? The review notes that independent commissioners work well in the Australian and Canadian armed forces, and that commanding officers here said that they could see no difficulty with the idea. I therefore urge the Minister, even at this stage, to use the Armed Forces Bill to introduce that sensible recommendation.

The UK is the only European Union country to recruit 16-year-olds into its armed forces. Does the Minister agree with recommendation 12.48, which states that the expense of improving the regime for young people in the Army is the

"necessary price to pay to be permitted to recruit"

them? What action will he take on the review's recommendation that young recruits should be in an environment dedicated to their needs, and that, in the case of 16-year-olds, such an environment should be exclusive to that age group? Is it not clear that, as the review and the Armed Forces Pay Review Body's report have found, accommodation and facilities for single people in the Army are profoundly unsatisfactory, and that they certainly were at Deepcut?

Will the Minister act on the review's recommendation 12, which states

"that instructors should be vetted for suitability to work with young people, in a way no less vigorous than in civilian establishments"?

Given the allegations of abuse in the report, is that not vital?

Finally, is it not vital that Surrey police implement recommendation 33, which says that they should disclose all the papers from their investigation to the families of the deceased so that they can decide whether to press for fresh inquests or, indeed, to renew their call for a public inquiry? Will Ministers implement the proposal that the Royal Military Police be brought within the regime of Her Majesty's inspectorate of constabulary, so that it can apply best practice and determine whether the RMP is sufficiently well resourced? That did not appear to be the case at the initial Deepcut inquiry.

Mr. Ingram: I thank the hon. Gentleman for the general tenor of his remarks. He has touched on some key issues, and he should be aware that the establishment of an ombudsman is a subject for the Armed Forces Bill. In the light of the Defence Committee's comments and of our own conclusions on what is desirable, we have come up with a set of measures that we think will tackle this issue. However, Mr. Blake has examined it in detail and made a recommendation, so it is only proper that we consider it. I must point out that the Liberal Democrats have a representative on the Armed Forces Bill Committee—

Robert Key (Salisbury) (Con): They have two.

Mr. Ingram: Yes, two, but they did not attend when the matter was discussed this morning. However, I do not want to dwell on that.

On complaints, Mr. Blake found that the culture was that people were not prepared to make complaints, because they went nowhere. We have sought to address that problem in the Armed Forces Bill, and edicts on the problem have gone out to everyone involved. We have taken the matter on board, and I accept Mr. Blake's conclusion that everyone—from the most senior officer right through to recruits—must take responsibility. That concerns not only those who feel that they have been harassed or bullied; anyone of any rank who witnesses such incidents should report them. That is the

sort of culture that we want to instil in people. It is an important matter, we are alert to it, and Mr. Blake places great emphasis on it.

The question of young recruits cannot be avoided. I do not know whether the hon. Member for North Devon (Nick Harvey) agrees with the conclusions that the Government have reached on the matter, but the main Opposition party does. We consider it proper to continue to recruit people younger than 18, although there is no time today to go into all the reasons, and it is clear that we have a duty of care for those young people. Significant success has been achieved at Bassingbourn and Harrogate. We must take account of best practice, but implementation has resource implications and cannot happen overnight.

That leads to me to the question of single-living accommodation. We are aware of the need to give young recruits more freedom to lead their own lives in the training establishments. I can therefore tell the hon. Gentleman that we are re-profiling our resource allocation to try to lift the spend on single-living accommodation.

The hon. Gentleman is right about the vetting of instructors. We are constrained by the law in that regard, but with the Department for Education and Skills and the Home Office, we are looking urgently for ways to ensure better assessment of instructors. The matter has implications across the whole education sector, and beyond. We need better ways to capture information about those who may put young people, and others, at risk.

The hon. Member for North Devon asked about the recommendation relating to the Surrey police. That is a matter for that force, but I hope that the recommendation is taken on board, as I think that it will be a substantial help. The coroner's inquest into the death of James Collinson was conducted before a jury, and all the relevant issues were ventilated. That is the key and, although it was not the case with the three earlier inquests, that is not a matter for the MOD. It is for the families to decide whether to take legal action to reopen the inquests, and I agree with Mr. Blake's recommendations in that regard.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The House has a great deal of business today. I appreciate that this is an extremely sensitive subject, but I still hope that questions can be brief. I can then try to call every hon. Member who is seeking to catch my eye.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): My right hon. Friend the Minister will be aware that many families who lost children at Deepcut and elsewhere are very disappointed that the Government have again rejected a public inquiry. However, I chair the all-party group on non-combat deaths, and I welcome many of the proposals that have been made. Will he elaborate a little further on the proposals in Nicholas Blake's report for independent oversight of such matters? Will the ombudsman have retrospective powers, and be able to set up inquiries on his own initiative? Is there any indication of the scale of the problem beyond the Deepcut perimeter fence?

Mr. Ingram: The last time I looked, more than 1,700 families were involved in the "Deepcut and Beyond" campaign, and I agree with Mr. Blake when he says in his report that no public inquiry into all the non-combat deaths could ever be concluded, because every such death would extend the process. That is why, as I have made clear many times, we do not favour a public inquiry into these matters. It is not that we have no respect or feelings for the families but, for the reasons that I have given and more, we do not believe that it would be appropriate to go down that route.

My hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) should not conclude that there will be an ombudsman and then ask questions about what that person would do. We have said that we will consider Mr. Blake's recommendations, and that we are looking at how we can introduce an independent non-military presence into the complaints procedure at the higher level. That would give people a guarantee that they could seek redress from someone who was not in the chain of command. The Armed Forces Bill Committee is debating that at present, but we will balance that approach against what Mr. Blake has said. I shall also deal with the matter in my written response to the report.

Lembit Öpik (Montgomeryshire) (LD): We have discussed already the catalogue of misconduct in relation to Deepcut, but one member of the armed forces said:

> "Sex was a passport for getting off all sorts of things, getting off duties, getting a long weekend at home."

Does the Minister accept that such quotations show how serious the situation had become? Mr. Blake's report was created only as a result of pressure from me and from other parliamentarians, and from Des and Doreen James and other parents of the deceased? Does the right hon. Gentleman accept that they are understandably suspicious when he says that there is no need to make any further investigations? Finally, does he agree that, in the interests of respect, it is right to postpone the final judgment about a full public inquiry until the parents have had the chance to review all the materials that Nicholas Blake QC says that they should have the opportunity to review? Then we can wait and see what they feel. The Minister would be giving nothing away by agreeing to wait for the parents to see that information, and to share their point of view, and he certainly would not be compromising his position by so doing.

Mr. Ingram: I take that point, but one of the key issues was the demand for a public inquiry. The Defence Committee said that it would wait for the Blake review, but did not consider that a public inquiry was justified, given the known circumstances. I have given more than once the reasons why I do not support a public inquiry. Mr. Blake's review weighs all the legal considerations and all the aspects, and comes to the same conclusion.

Mr. Blake says that the Army and Ministers have to make a judgment about whether more information would lay the issue to rest. My judgment is that a public inquiry would prolong the matter, and would not lead to a different conclusion. That is Mr. Blake's conclusion, and I am more than satisfied that he has looked at all the available evidence. We cannot allow individual families to have a veto. They have been

[Mr. Ingram]

spoken to and have expressed their views, but they may never be satisfied with the decision. Their point of view will differ from the judgment that a Minister will reach.

I recognise the role that the hon. Member for Montgomeryshire (Lembit Öpik) has played in this matter. Mr. Blake's report is highly critical of the media's sensational exploitation of the events. Stories have been run that have had no substance, with no subsequent apology for the fact that they were wrong. None the less, I accept Mr. Blake's recognition that the pressure that the media exerts forces further ventilation and examination.

I wanted this report to be completed earlier, and Mr. Blake lists the many external factors that made that impossible. In the intervening period of 15 months, substantial changes in the training environment have been introduced or are now planned. The training regime has not stood still, and it will change measurably for the better in the months and years ahead.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): I thank my right hon. Friend for allowing me and other Members who represent the families of the young men and women who died to have sight of the report.

When I met the Grays at their home last week, they were keen for a public inquiry, but one of their main concerns was that in their desire to reopen their son's inquest they did not have full access to the facts. Will my right hon. Friend, who has personally pledged to liaise with our right hon. Friend the Home Secretary, make sure that all necessary evidence is disclosed to the family of Geoff Gray and the other candidates? Has he completely ruled out a public inquiry into the way that Deepcut was run? I support the recommendation for an ombudsman. Does the Ministry of Defence have a timetable for looking into that issue?

Mr. Ingram: The key issue is the recommendation relating to the Surrey police. I cannot instruct the Surrey police to do what has been recommended but, as I have indicated, I strongly support the view taken by Mr. Blake and we shall do all we can to ensure that it is imparted both to those who make the decisions at ministerial level and, most important, to the Surrey police. Of course, where there is confidential information, as may be the view of the Surrey police because of the nature of the witness statements they have taken, some matters may have to be deleted for legal reasons. Things have to be looked at in the round, but if there were access to that information it would help families who seek a reopening of the inquest into the deaths of their sons, in two cases, and their daughter, in the case of Mr. and Mrs. James. If that attempt was successful, which is not for me to determine—there would have to be judicial review or some other mechanism—the coroner would have to comply. If the inquests were reopened, there would be an opportunity to raise all those matters, because there is no restriction on where such an inquest could go. That would deal with my hon. Friend's point about the need for a public inquiry to explore what happened at the time of death. A coroner's inquest can do just that, so we are encouraging families to take that route, and they may now have better argumentation for doing so.

Pete Wishart (Perth and North Perthshire) (SNP): I thank the Minister for an early look at the report this morning. Although I acknowledge that Nicholas Blake stops short of asking for a public inquiry, he says that the one constituency that might have an interest in a public inquiry would be the Army itself. That comes on top of the words of the coroner at the Collinson inquest, Michael Burgess, who said that

"the MOD should take whatever steps are necessary to restore public confidence in the recruitment and training of young soldiers . . . including an inquiry held in public".

If the only way to restore that confidence is to hold a public inquiry, and it is in the interests of the MOD to do so, will the Minister think again about a public inquiry?

Mr. Ingram: The hon. Gentleman has had a benefit that other Members have not: he has read the report, albeit in a restricted time—but he has misunderstood what Mr. Blake said. He does not "stop short" of calling for a public inquiry; he says that it is not necessary. He goes beyond that point.

The hon. Gentleman should take time to understand the report—read it, analyse it and absorb the weight of its analysis. That is what I will do. I shall consider my response, but I have nothing to add to what I said earlier about having clarity in respect of a public inquiry. A judgment had to be made by Mr. Blake, and he has made it. A judgment had to be made by the Select Committee, which made it. A judgment had to be made by me and I made it. The Army took a similar point of view, which it expressed to me. It is not a question of a cover-up, but that there is a weight of argument in favour of not proceeding down that road. We know what went wrong and there may still be things that need to be addressed, but let us do so to ensure, I hope, that we can stop the recurrence of such tragic incidents in the future.

Michael Jabez Foster (Hastings and Rye) (Lab): I thank my right hon. Friend for the opportunity to see the report this morning, as did other MPs, on behalf of Sean's parents, Mr. and Mrs. Benton. The report was comprehensive in terms of the evidence it reviewed, but it was a review and not an inquiry. May I bring to my right hon. Friend's attention paragraph 2.71? It states:

"If Human Rights law required a public inquiry then this review cannot itself satisfy that obligation given the limitations placed upon it—nor could an Army review."

Paragraph 2.73 states:

"If material comes to light to suggest collusion in a killing or a cover up"—

which has been suggested—

"public confidence would demand a public inquiry."

Although Mr. Blake comes to the view that no inquiry is required, he notes that it is up to the Secretary of State to make that decision if "public confidence" demands it. I believe it does. Does my right hon. Friend agree?

Mr. Ingram: Again, I thank my hon. Friend for acknowledging that he has been given access to the report, but I suggest that he consider a longer time scale rather than alighting on one part of it and deciding that it leads to a certain conclusion. There is other argumentation in the report and the conclusion is that such a course was not necessary. Mr. Blake is a

considerable and eminent human rights lawyer, who has weighed up all the information—from his perspective, not that of the Army—and come to that conclusion.

My hon. Friend referred to suggestions that there was collusion or a cover-up, but there is no evidence of that. People may have such perceptions or feelings, but they have no proof. The report involved more than turning over pages of evidence. There was thorough examination of all the documentation. There were talks with witnesses who commented on the conduct of individuals and on the running of the training establishments as well as pointing out ongoing issues. Let us not diminish the review. It is a considerable report. Would more come from a public inquiry? I judge that it would not, and everyone else who has looked at the arguments in the round has come to the same conclusion.

Michael Gove (Surrey Heath) (Con): As the constituency Member for Deepcut, I thank the Minister and Nicholas Blake. I, too, extend my sympathy to the families, who have borne their suffering with such dignity. Does the Minister agree that since the period covered by the report, the Army in general and the leadership at Deepcut in particular have taken significant steps to improve training? Will he tell us the steps being taken to ensure that we train and retain experienced NCOs who can both prepare our young men and women for the rigours of the battlefield and extend to them a proper duty of care?

Mr. Ingram: I thank the hon. Gentleman for those comments. Our plans to lift quality are well under way—it is a question of getting the infrastructure in place. We plan to establish a leadership course, designed specifically to ensure that those entering the instruction regime and environment realise that it is an important part of their career development, which has not been the case hitherto. We are setting up another scheme for the Army, "Train the trainers", which will roll out for the Air Force and the Royal Navy. Without question, we are homing in on that important ingredient. Those who carry out instruction duties are key to everything we do in delivering people capability and capacity for our armed forces. During the period of the review—from 1985 to the present day—just under 100,000 trainees have gone through that training environment at Deepcut alone. That is a mark of success, not failure, but there were weaknesses in the system and we are addressing them.

The hon. Gentleman asked how we can ensure that there is continuous improvement at Deepcut and elsewhere. The adult learning inspectorate is a fully independent organisation, which can make both unannounced and announced visits to the establishment, and it says that Deepcut has been transformed for the better. Mr. Blake's report includes a good quotation from a young trainee, who says that now people are mollycoddled, and cannot move without someone talking to them to try to find out what is in their mind and what they are up to. A balance needs to be struck, however, because we are trying to create independent people whom we ask to take on a unique task on behalf of our country. It is difficult for our military people to strike that balance, but they have achieved great success in the past and continue to be successful, as the hon. Gentleman is aware from his knowledge of Deepcut.

Mr. Kevan Jones (North Durham) (Lab): At the consideration of the Armed Forces Bill this morning, I introduced new clause 24, which would have established an independent complaints commissioner for the armed forces—I was not, I hasten to add, supported by the Liberal Democrat members of the Committee, who were absent. After considering an interesting debate, and, obviously, waiting for Nicholas Blake's report at lunchtime, I agreed to withdraw the motion on the new clause. Can the Minister assure me that the independent oversight of complaints in the armed forces will be seriously considered as part of the Armed Forces Bill? Can he give us a timetable for such consideration, although I realise that doing so is difficult?

Mr. Ingram: Again, my hon. Friend is close to that issue and has been raising it as a member of the Defence Committee. I am grateful to him for initiating that debate this morning. The issue must be ventilated and examined. I cannot dictate the pace of what happens with the Bill, but I guess that it must be addressed on Report, and if not, by the other place. We could then consider it back here again if necessary. It is for both Houses to decide what should be included in the Bill. We will give a very clear indication of what we believe to be right. Without question, what we propose goes a considerable way to address the issue; we have not fully debated it, obviously, but there is an independent presence within it. I will also make a written response on the basis of Mr. Blake's view, but that will be consistent with our view of the way in which the Bill should develop. Making that point is a substantial part of what we are doing at present. Let that debate now ensue.

Mr. Bernard Jenkin (North Essex) (Con): Although I believe that the Minister's judgment is right in continuing to resist calls for a public inquiry, however painful and difficult that may be for the relatives of the men concerned, may I tell the Secretary of State for Defence that I cannot help but feel that there is still a gap in the procedures of the Ministry of Defence for dealing with very difficult and large questions of this nature, as I pointed out in a letter that I sent to the then Secretary of State some four years ago. Will the Minister consider establishing a more permanent procedure as a clear alternative to public inquiry—perhaps, as I suggested then, a tribunal, chaired by a senior military officer from a different service, with a retired judge and a senior retired police officer, to conduct investigations and inquiries of this nature?

Mr. Ingram: That is but one idea, and I know that the hon. Gentleman has argued for it in the past. I can consider anything in my response, and I will deal with the specifics of what Mr. Blake has said. I do not want to look at a range of other aspects, unless that is consistent with what we seek to do in the Armed Forces Bill. The hon. Gentleman will have an opportunity when that Bill returns on Report to table such amendments as he feels necessary, but I ask him to listen to the arguments that take place in the Select Committee on the Armed Forces Bill and consider them in a balanced

[Mr. Ingram]

and non-partisan way to try to find the best answers. There are very good arguments about why those in the chain of command should be respected in all this. They have the ultimate responsibility for the duty of care for those men and women—young and less young—in their care, because they are the ones who have to take them into those dangerous environments into which we send them. So let us not diminish what they do and their responsibility for the people whom they have under their care.

Mark Durkan (Foyle) (SDLP): I will not take too much of the House's precious time today to dwell on disagreement about a public inquiry. However, the Minister has enjoined Members to take time to analyse the report in full before forming our own opinions. Will he assure us that if we do so, and if we approach him on a cross-party basis—he is aware of the nature of the cross-party campaign to date—he will be receptive to those reflections, particularly where they are informed by the views of the families?

Mr. Ingram: My hon. Friend knows me from my time in Northern Ireland, and we are always prepared to look at cross-party and individual party submissions to find the best solution. So the answer is yes, but I simply cannot undo the past; I can only try to make the present and the future better. I have compassion and deep feeling for those families, and I regret that aspects of what we were doing—Mr. Blake makes this clear—may have created a climate that resulted in those four tragic deaths. I have also said that, as has come out in the report, if individuals were in the wrong, we must examine that as well. There is no question in my mind about the depth and breadth of the report, and I only hope that those who campaign do so objectively and on the basis of what is deliverable and achievable, rather than trying to paint us into the position of creating the perfect world. I do not have it within my gift to create perfection.

Simon Hughes (North Southwark and Bermondsey) (LD): Given the worryingly high number of deaths in non-combatant activities in the past 25 years, does the Minister feel confident enough to tell the House today that in future, there should be no significant difference between the frequency of non-combatant deaths in the armed services and accidental deaths in the community at large? If he could give us that assurance about non-combatant deaths, or at least set out the measures that the armed services are taking to move in that direction, it would be a great reassurance.

Mr. Ingram: Again, I do not think that I have that within my gift, but I ask the hon. Gentleman to examine a lot of those non-combat deaths. They can involve road traffic accidents, or people who are on duty in difficult circumstances that are not combat-related who have been killed in accidents, or because of mistakes by other people. Is the hon. Gentleman really saying that he does not accept that the armed forces are unique and work in different circumstances—and, without question, in extremely dangerous environments? He is not comparing like with like, so I do not think that I can answer that question in the way in which he asked it.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): Having visited one of the training establishments, I am aware of the improvements that are being made. I welcome the Minister's commitment to consider what further action can be taken in the light of the review, but does Mr. Blake deliberate on any case other than those of the four that have been mentioned, such as that of my former constituent Alfie Manship, who died in Germany some weeks after leaving Deepcut barracks?

Mr. Ingram: Yes he does, at length. I know that my hon. Friend will look at all the conclusions. Indeed, that is one of the issues that I referred to earlier in which the sensational press reporting of certain aspects was not found to be accurate. I know that my hon. Friend will closely examine the report and that the family, whom she represents, will also look at it, and it will help them and my hon. Friend to understand the totality of that circumstance.

Mr. Mike Hancock (Portsmouth, South) (LD): The Defence Committee report found that the real failure was that of the Army chain of command to respond either creatively or purposefully to the various reports over the past seven years. That failure of command, which was not recognised by anyone in the Army, led to the ongoing situation. It is still amazing to me that the two commanding officers have still yet to give any public account of what they did in response to the circumstances that they found. I would be interested to know whether the Minister feels that Mr. Blake has ruled out a public inquiry—I do not think that he has—and surely the Secretary of State for Defence should have an opportunity to review his decision on a public inquiry once the parents have had the advantage of having had the report for some time, and all the information available from the Surrey police.

Mr. Ingram: I repeat—I do not know how many times I have done so—that Mr. Blake has ruled out the need for a public inquiry. He says that it is not necessary. I do not think it appropriate for the hon. Gentleman to try to particularise his comments against two commanding officers. It is almost as if he is saying that they are guilty before any other examination. I understand that both of them met the families involved at the time. There has been a very close public examination by the people who were critical; in itself that may not be sufficient, but Mr. Blake and others have done everything that they can. I have met the families in different circumstances, either individually or collectively, to try to talk through some of the issues, and I will continue to do so. Everyone should know that there is a need for clarity. Fudge and uncertainty are not the way to deal with this matter. I make this plea to the hon. Gentleman: he should use his own faculties to consider how best we should address the present and the future. We are trying to address the past, but we must also address the present and the future, because of the tens of thousands of young men and women who are still going through those establishments.

Mr. Graham Stuart (Beverley and Holderness) (Con): I join other Members in thanking the Minister for his statement. As he will be aware, 19 non-combatant deaths took place at Catterick garrison between

1995 and 2001 in the infantry training section alone. Many parents, including my constituent, Lynne Farr, whose 18-year-old son Daniel died at Catterick in 1997, feel that those deaths cry out for some form of inquiry, but the Minister has been quite clear about that today and we all welcome the depth of thought that he has obviously given to the issue. Will he take a personal interest in ensuring that grieving parents whose children have died are kept informed of the steps that will follow the Blake report as issues develop?

Mr. Ingram: I am grateful to the hon. Gentleman for those comments. We recognise that there are non-combat deaths in other areas. I gave the figure of the more than 1,700 families that would come into the ambit of this particular campaign. Lynne Farr is a formidable woman and she argued her case very well. We are considering ways in which she can use her experience as a mother who has had to deal with such tragic circumstances to assist us, and how best to deal with other parents who find themselves in those circumstances. That will be difficult for her, but she is capable and willing to help.

The other element is to make sure that our relationship with parents who have young people at those training establishments is such that they are fully aware of everything that is happening through that process. There should not be any barriers to their understanding. We recognise that having parents on side is critical. Much of our welfare support—and the way in which we are seeking to address things—envelops the parents if they want to be engaged in the process. We must remember, of course, that once the young person is over 18, they are an adult and so there is a balance concerning who has ownership of that person's future. These are very difficult issues, not just in military training establishments, but in life generally, as well. I thank the hon. Gentleman for his comments.

BILL PRESENTED

Housing (Council Tenants and Leaseholders)

Simon Hughes, supported by Lynne Featherstone, Tom Brake, Mr. Edward Davey, Susan Kramer, Paul Holmes, Mr. Mike Hancock, Dr. Evan Harris, Mr. Dan Rogerson, Mr. John Leech, Mark Hunter and Lorely Burt, presented a Bill to make provision with regard to the rights and obligations of council tenants and leaseholders; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 16 June, and to be printed. [Bill 163].

Point of Order

Mr. Mike Hancock (Portsmouth, South) (LD): On a point of order, Mr. Deputy Speaker. In his reply to my question on his statement, the Minister of State, Ministry of Defence, the right hon. Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram) alleged that I was making some sort of allegation against the two former commanding officers. My point was quite clear: it was that both those officers have yet to give a public explanation of their actions following the deaths that occurred while those young people were in their charge.

Mr. Deputy Speaker (Sir Alan Haselhurst): I think that the hon. Gentleman knows that he is not raising a point of order; he is simply trying to continue the argument. There are other ways in which he can pursue matters of that kind.

Prevention of Scalding Injuries (Bathing in the Home)

1.32 pm

Mary Creagh (Wakefield) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision about the installation in homes of thermostatic mixing valves to set bath tap water temperature to a maximum of 46 degrees centigrade; and for connected purposes.

I would like to tell the House a story about a little girl called Holly Devonport from Wakefield. Holly was five years old when she suffered scalds to more than half her body. Her mother, Julie, was running a bath and went to get a fresh towel. Holly was perched on the edge of the bath, playing with her Gameboy, and in the split second when her mother left the room, she slipped and fell in. Her mother said that when she pulled Holly from the bath her legs looked like they had been dipped in acid. Holly's agonising injuries meant that she endured a seven-hour operation to graft skin from her stomach on to her legs. She spent six weeks in Pinderfields hospital in Wakefield and six months in a wheelchair. She missed four months of school. She will be scarred for life. I know that many hon. Members in the Chamber met Holly and her mother yesterday and I am grateful to them for their support.

Holly is now 10 years old and yesterday she and her mother came to this place to launch the "Hot Water Burns Like Fire" campaign. The campaign is backed by Age Concern, the British Burns Association, the Child Accident Prevention Trust, the Children's Fire and Burn Trust, Help the Aged and the Royal Society for the Prevention of Accidents. They, and I, want to make sure that what happened to Holly does not happen to another child.

Unfortunately, what happened to Holly is happening to another child every single day of the year. Some 600 people a year suffer severe injuries from scalding hot bath water and three quarters of them are children under five. Fifteen pensioners a year die from burns that they receive from bath water. Why are pensioners and children the most vulnerable to scald injuries? The answer is because their skin is thinner and burns more quickly. Also, as any parent of a toddler will know, children have less perception of risk. Pensioners have less physical ability to deal with dangerous situations.

I have heard stories of children dropping toys into the bath and going in to get them and of pensioners getting cramp in their legs while topping up their baths with hot water. Someone e-mailed me this morning to share the story of her mother, who was due to go to a wedding and who was staying in a hotel. She turned on the hot bath tap and was scalded to death by the hot water. She went into burns-related shock. A person might have an epileptic fit, a heart attack or a stroke. They might drink too much or be on drugs and pass out in the bath. Those are everyday accidents, but they have extraordinary and catastrophic consequences for the individual.

My Bill would change the law so that thermostatic mixing valves, or TMVs, are fitted in all new and refurbished homes. Those valves would set the bath tap water temperature to a maximum of 48° C and it would emerge at about 46 ° C, depending on the water pressure elsewhere in the home. Let me put those temperatures in context. At 66° C, hot water burns through skin in two seconds. At 56° C, it takes 15 seconds. At 46° C, the temperature at which the valves would be set, it takes five minutes. If Members measure their own scalding hot baths they will find that the temperature is about 40° C. Nobody can sit in a bath at 46° C, but that temperature would allow people to buy time. I pay tribute to the district council in Wakefield, which, as far as I can establish, is the only council in the country to install the valves as standard across all its housing stock.

Legislation requiring homes to have TMVs comes into force in Scotland in May. Similar legislation has been passed in Canada, New Zealand and Australia. Why can we not do the same in England, Wales and Northern Ireland? We have an opportunity approaching. I understand that the Office of the Deputy Prime Minister and the Department for Environment, Food and Rural Affairs are about to launch a joint public consultation on building regulation G, to look at water-saving devices in bathrooms and water fittings in bathrooms. I plead with the Minister to widen the scope of that consultation to include the installation of TMVs. I thank him for taking the time to meet me earlier this week and I would be grateful if he would meet me later to talk with the representatives of the campaign leaders and the organisations involved about the nature of the injuries that they see.

There may be shouts from the tabloids about the nanny state. There were shouts when we banned hairdryers from bathrooms, put fuse boards on electrical circuits, and passed laws to protect people from carbon monoxide poisoning from gas boilers. Dr. Keith Judkins, a consultant anaesthetist from Wakefield, told me yesterday that a scald over more than one fifth of one's body has the metabolic impact of being hit by a bus. It causes huge changes in the body's chemistry, which can be life threatening. People can go into burns shock.

If the human consequences do not convince people, let us consider the economic and environmental costs. It costs £80—once—to buy a TMV. The lifetime cost to treat one scalding injury is £250,000. In one year, with TMVs, we could save £150 million for the NHS, and a lot of toddlers and pensioners a huge amount of suffering. In these days of rising gas prices, it simply does not make sense to superheat bath water and then mix it with cold water.

I am sure that all Members had a thermostat fitted to the showers that they used this morning. Nobody even thinks about thermostats on showers, but, for some reason, there is an incredible resistance to fitting them on bath taps. I doubt whether there is a person in the House who can say that they have not fallen asleep in the bath. Bath time should be about bubbles, ducks and fun—even at our age.

Baths should still be hot—baths will still be hot—but, most importantly, baths should be safe. Hot water burns like fire. Hot water burned Holly Devonport, to use her mother's words, "like acid". This year, 400 children will suffer what Holly endured. Are we really saying that that is the best that we can do for our

children? We live in the 21st century. Thermostatic mixing valves were invented 80 years ago, so what are we waiting for? Let us act now to amend the building regulations and save lives so that we can all enjoy safe, hot baths.

1.40 pm

Peter Luff (Mid-Worcestershire) (Con): I will be brief because the House has a busy day. I pay tribute to the sincerity with which the hon. Member for Wakefield (Mary Creagh) spoke to her Bill. I should say, for the record, that I have never to my knowledge fallen asleep in the bath. The shower that I had this morning did not have a thermostatic valve, and nor do any of the showers in either my flat in London, or my house in Worcestershire. While I respect the hon. Lady's sincerity, I simply ask her to reflect on whether the Bill might be a step too far. Ten-minute Bills are useful to raise awareness of important issues. I introduced such a Bill for that purpose some 10 years ago with great success. However, I hope that the hon. Lady might be persuaded to leave it there.

Let us get the matter in some perspective before deciding which of us is right. I am told that of some 100,000 burns injuries, scalding accounts in total for some 2,500, and about 2,000 of those cases are minor. I accept that it is a problem if there are 500 serious scalding injuries. We often talk in the House about the nanny state. Such phrases in the political lexicon are perhaps used too often and their overuse can lead to their devaluation. However, when the House considers such matters, it must reflect carefully on the point at which individuals must take personal responsibility for their actions and when politicians should tell people how to behave.

I accept that the hon. Lady has made a powerful case for vulnerable people using thermostatic valves for their baths. I would prefer a scheme to assist vulnerable people to access such valves so that risks were minimised. There are many wrongs and problems in the world, but they cannot all be answered by political intervention, and my suspicion remains that we are considering such a problem. An intervention made by the House must be proportionate to the problem that it is trying to address and must genuinely protect the freedom of others. The Bill, well meaning though it is, fails both tests.

Mr. Stewart Jackson (Peterborough) (Con): Will my hon. Friend give way?

Peter Luff: I do not think that I am procedurally allowed to give way during a speech on a ten-minute Bill. I apologise to my hon. Friend.

I listened, as many hon. Members would have done, to this morning's "Today" programme and heard the gloriously flippant responses received from many listeners. I heard the voice of John Humphreys rising with incredulity as he presented the piece. However, there are serious issues to consider. After a long day out in the countryside in the winter, it is my preference to relax in a long bath. I let a bit of cold water out and put a lot more hot water in so that I can have a half-hour bath, rather than a five-minute bath. Baths are not just for cleansing, they are also for therapy, and I suspect that the Bill would get in the way of the liberty that I enjoy.

The issue is important, and I pay tribute to the way in which the hon. Lady has raised it. It is often said that the state should keep out of the bedroom, but it is my view that the state should keep out of the bathroom, too. Frankly, the idea deserves a cold bath, although I give a warm welcome to the spirit in which the hon. Lady raised it.

Question put, pursuant to Standing Order No. 23 (Motions for leave to bring Bills and nomination of Select Committees at commencement of public business), and agreed to.

Bill ordered to be brought in by Mary Creagh, Sandra Gidley, Mr. David Blunkett, Mrs. Siân C. James, Dr. Alasdair McDonnell, Dr. Ian Gibson, Alan Simpson, Mr. Stewart Jackson, Mr. Sadiq Khan, Mr. Robert Walter and John Bercow.

PREVENTION OF SCALDING INJURIES (BATHING IN THE HOME)

Mary Creagh accordingly presented a Bill to make provision about the installation in homes of thermostatic mixing valves to set bath tap water temperature to a maximum of 46 degrees centigrade; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 16 June, and to be printed [Bill 160].

Orders of the Day

Identity Cards Bill

Consideration of Lords message.

Lords reasons: 22J and 22K.

1.45 pm

Mr. William Cash (Stone) (Con): On a point of order, Madam Deputy Speaker. I have written a note to Mr. Deputy Speaker about the Bill as it stands and how it might be amended. It might be strange to raise this matter at such a late time, but it is in the nature of the exchanges between the Houses that it is possible that the amendments being applied could make the Bill a hybrid Bill. I say that with reference to the definition of the Speaker that a hybrid Bill is

"a public bill which affects a particular private interest in a manner different from the private interest of other"—

Madam Deputy Speaker (Sylvia Heal): Order. I have the reference from "Erskine May", so we can save a little time because the hon. Gentleman need not read out the whole passage.

Mr. Cash: I merely say, Madam Deputy Speaker, that however improbable it might seem at this late stage, differences could be created in the "same category or class" by virtue of the amendments that are being proposed and those that have been considered. On the general principle, it seems to me that hybridity could apply in this instance, but I would be grateful for a ruling.

Madam Deputy Speaker: As the hon. Gentleman says, the matter has been brought to the attention of the Chair at a late stage. I am thus seeking advice and guidance and we will return to that point of order later.

The Secretary of State for the Home Department (Mr. Charles Clarke): I beg to move, That this House disagrees with the Lords in their amendments 22J and 22K.

This is the fourth time that amendments to remove the automatic linkage between designated documents and identity cards have come back to us from the other place and I very much hope that it will be the last time. The amendments were tabled by Lord Armstrong of Ilminster, who sits on the Cross Benches. I have high regard for Lord Armstrong, his commitment to the constitution of this country and his knowledge of history relating to it. I know that he was trying to help to reach a constructive conclusion by tabling the amendments. However, as I have said before, the moment has passed for discussing the principle of linking designated documents and ID cards, and it simply would not be possible for the Government to accept a complete opt-out for people who apply for documents designated under the Bill from the requirement to be entered on the national identity register and issued with an identity card.

I understand the reasoning behind Lord Armstrong's amendments. As I have said before, I am grateful to him for trying to help to resolve the impasse that exists. However, while in theory an opt-out might well make more sense than an opt-in, the reality would be the same. We would still be introducing an unacceptably large degree of uncertainty into the plans for rolling out identity cards linked to passports.

When the Bill returned to the House on 21 March, the debate was essentially about the timing for implementing the requirement for people applying for a designated document, such as a passport, to register and obtain an identity card, rather than the principle of so doing. That was certainly the line taken by the Liberal Democrat Home Affairs spokesman, the hon. Member for Sheffield, Hallam (Mr. Clegg), although I have to say that he was more coherent than Lord Phillips of Sudbury in yesterday's debate in the other place when he made a mistake about a name. I am grateful to the right hon. Member for Haltemprice and Howden (David Davis) for reminding me of a particular factor behind that, so I will not read the relevant part of *Hansard*, although I refer hon. Members to column 655.

The line taken by the hon. Member for Sheffield, Hallam was very clear. He said that the amendments to be proposed by Lord Armstrong would

"blow a hole in the Bill"—[*Official Report*, 21 March 2006; Vol. 444, c. 192.]

The position of the Liberal Democrats throughout has been to use any device, however constitutionally doubtful, to destroy the scheme decided by this elected Chamber. I have no intention of accepting any changes that would have the effect of blowing a hole in the Bill, or damaging the delivery of the identity cards scheme as a whole.

Mr. John Redwood (Wokingham) (Con): Will the Home Secretary confirm that people are right in thinking that this is all part of an EU requirement to prepare for a common system across Europe, and that that is why he is in such a hurry to get rid of our liberties in this respect?

Mr. Clarke: I am happy to confirm that that is total nonsense. There is no proposal either for an EU identity card or for an EU-wide card of any sort. As far as I am aware, there is no proposal on the table. What has been discussed in the EU is biometrics for passports and biometrics for residents' documents. That has been discussed not only in the EU but in countries throughout the world—especially the United States—as a means of helping people to travel more effectively. There is no requirement, and the canard, if I might use a Frenchism, that this is all an EU plot—something that the right hon. Gentleman sometimes suggests—is not true in this instance.

Lynne Jones (Birmingham, Selly Oak) (Lab): I agree with my right hon. Friend about the lack of an EU conspiracy. However, will he comment on why the UK alone is going down the route of having a centralised data base and an audit trail, which is not in line with recommendations that are coming from Europe?

Mr. Clarke: There are no recommendations coming from Europe on this matter so that the issue of being in line does not arise. The arguments for the Bill stand in their own terms. I remind my hon. Friend that they have been debated during the consideration of two Bills in

this place and in the other place. They have also been considered on many occasions during debates on Lords amendments. However, the issue that my hon. Friend has raised is not the substance of the debate that is before us. My hon. Friend has been clear about her position throughout the debates and I have no criticism of that. I hope that she will now acknowledge, as an elected Member of Parliament, that it is time for the elected House to have its will and for unelected peers not to proceed as they are seeking to do.

I have no intention of accepting any changes that would have the effect of blowing a hole in the Bill or damage the delivery of the identity cards scheme. Of course, I have read carefully what was said yesterday in the other place. I recognise that some of their Lordships realise that they cannot continue to delay the passage of the Bill, and that there has to come a time when the unelected House should bow to the will of this House.

I was particularly struck that Lord Armstrong said that he would have no objection to obtaining an identity card when his passport came up for renewal. He said also that he thought that his amendment might form the basis for an acceptable compromise, possibly with the insertion of a time limit after which any opt-out would no longer apply. He went on to ask directly whether the Government would consider such a compromise. The answer that I have to give is that the Government are not being intransigent. If a different compromise were to be proposed—one that was workable—I would consider it carefully, as I have carefully examined a series of changes that we have made when considering how best to introduce this legislation.

I realise that there are many in the other place who feel uncomfortable about the length of time during which they have defied the will of the elected House. They know that it is wrong that they are in that position. I realise also that some of their Lordships are trying to end the impasse. I will watch carefully what happens next.

As I have made clear previously, the Bill will affect not only holders of British passports once these documents are designated. By about 2008 or 2009 we intend to start issuing biometric residents' permits to those foreign nationals who are temporarily resident in the UK. Without the requirement for designation and registration on a national identity register, foreign nationals will be able to opt out of the scheme completely. I believe that it would be entirely unacceptable if foreign nationals with those documents could opt out of registration, which would be the effect of the amendment that is before the House.

Kate Hoey (Vauxhall) (Lab): Will my right hon. Friend give way on that point?

Mr. Clarke: No, I will not.

There is little more that I can say other than to suggest that at this time the other place should listen and recognise that the elected House, again today, will insist on retaining the requirement in the Bill for anyone obtaining a designated document such as a passport to be entered on the national identity register. I believe that the scope for further compromise is small, but I and my right hon. Friend Baroness Scotland of Asthal will be prepared to listen constructively to what is said when the Bill returns to the other place today, in the hope that it can at last pass on to the statute book.

David Davis (Haltemprice and Howden) (Con): In the spirit of that compromise—the Home Secretary knows that I am always prone to compromise—I would like the right hon. Gentleman to elaborate on the problem that he sees with respect to foreign residents being cut out by the proposal made by Lord Armstrong. If we can resolve the issue, we might come to some conclusion on the matter.

Mr. Clarke: As always, I am amazed, encouraged and even excited by the right hon. Gentleman's positive tone. The concern that I have, on the particular narrow point of foreign nationals, is that we are establishing the identity documents—in my opinion, rightly—and bringing them on to the national identity register. I understand the quasi constitutional objections of some in the other place to the idea that a British citizen should have an identity card whether they want it or not—that is the essence of their concern—but I do not believe that that concern should extend to foreign nationals under the schemes that operate. I am thinking about the protection of our borders. Occasionally, I see the comments of the right hon. Member for Haltemprice and Howden in the public media on such matters, to which he is deeply committed. That is one of the reasons why I think that the amendment from the other place is inappropriate. However, I hear what the right hon. Gentleman has to say.

As I have said before, it would be inappropriate and a waste of parliamentary time, in my opinion, for the Opposition in the other place to force the Government into using the Parliament Act to enact the proposed legislation. I hope that we shall reach a conclusion today. I have made it clear that the Government will listen and reflect on what is said both here and in the other place. I have to repeat that the Government cannot accept amendments Nos. 22J and 22K.

Mr. Edward Garnier (Harborough) (Con): I hope that I can begin on an uncontroversial note in a debate on what has been a controversial Bill, and that is that the House must surely wish Lord Phillips of Sudbury the most speedy recovery from what I hope is a temporary illness.

The arguments for the Bill, as the Home Secretary said, stand in their own terms. It seems that the arguments in favour of the Bill stand in an interesting substance, but I am not sure that its own terms recommend it.

The Home Secretary would like us to believe that there is a huge constitutional wrangle between the House of Lords and the House of Commons, over which House of this Parliament should have supremacy—us, the elected House, or the other House as the unelected and largely appointed House. I say in parenthesis that a large proportion of its Members have been appointed by the present Prime Minister.

[Mr. Edward Garnier]

I would describe the dispute that we have in other terms: that it is a dispute between the citizen and the state. It is a dispute between truth and freedom of the individual and the power of the Executive. I would describe it—

Mr. Cash: Will my hon. and learned Friend give way on that point?

Mr. Garnier: Even in mid-sentence, I give way to my hon. Friend.

Mr. Cash: I do not want to cut my hon. and learned Friend short. Having said what he has just said, does he agree that it is not merely a question of battling with the Lords? The issue is fundamentally the constitutional point that he is making, which is the key to the answers to the questions that we are raising in these debates between the two Houses.

Mr. Garnier: I agree. We are debating, both in this Chamber and in the other place, the fundamental relationship between the citizen and the state. If we upset that balance, which has evolved over centuries, we shall do ourselves and our electorates a disservice.

I would not want to go over the arguments that we have had about the terms of the Labour party's manifesto at the last election. Those arguments are well known and they are clear. As I have said during previous debates, repetition never made a good point better. The point is there and it is one that the House can consider.

I gently remind the Government that their earlier reliance on the need to have biometric passports was irrelevant to the earlier debates on the Bill and the setting up of the national identity register, and is even more irrelevant today, especially in the context of Lord Armstrong's amendments.

Today, the Government can do two things. They can either stubbornly turn their face to the wall and ignore the helping hand that is proffered by Lord Armstrong or they can be sensible and realistic and accept it. I had an inkling from the Home Secretary—I was slightly put off by his over-excitement at the intervention of my right hon. Friend the Member for Haltemprice and Howden (David Davis), which I found a disturbing prospect—but I cast that aside. *[Interruption.]* The Home Secretary says from a sedentary position that he was dreaming about having a bath with my right hon. Friend. I will leave them to have those private discussions elsewhere.

A door may have opened in the Home Secretary's mind, because he uttered the word "compromise". That is a helpful step forward, because I did not think that that word could be extracted from his mouth. However, I would like more details—I am happy to accept an intervention from him—about the terms of any compromise that he would find acceptable. In the past, he has set his face against proposals from the other place and the Opposition. If he is in the mood to mention the word "compromise", perhaps he could tell us more about the nature of an acceptable compromise. In the meantime, as he queues with his towel outside the bathroom of my right hon. Friend the Member for Haltemprice and Howden—

Mr. Redwood: Will my hon. and learned Friend give way?

Mr. Garnier: That queue appears to be growing.

2 pm

Mr. Redwood: Does my hon. and learned Friend agree that, while compromise may be a good thing, there can be no compromise over the principle of compulsion? We cannot accept a compulsory identity card in this Parliament, given the Government's position at the election and the strong sense among our constituents that we want freedom in this country.

Mr. Garnier: I entirely agree, but I am trying to extract from the Government precisely how close to us they are prepared to move. The closer they move, the more likely they are to have their Bill not just before Easter but even tonight. We look forward to hearing their response either in the House or in the other place.

John Bercow (Buckingham) (Con): My hon. and learned Friend said that he did not want to rehearse previous arguments but, further to the intervention of my right hon. Friend the Member for Wokingham (Mr. Redwood), may I put it to him that each of these debates must be self-contained and intelligible to the widest possible audience? In seeking negotiation, it is highly pertinent to draw attention to the difference between what the Government have said today and what they said last May.

Mr. Garnier: I accept that but, as my hon. Friend will know, Dickens wrote some of his greatest novels as part works. They were serialised before being brought together to form a whole. I hope that his interventions in our debates will form part of a great encyclopaedia of parliamentary occasions, so that at the flick of an internet switch anyone will be able to search his great works.

I want to move on from our earlier debates, because last week, Mr. Deputy Speaker chided me for rehearsing that argument. Everyone knows my views on the Labour manifesto, and everyone knows what that manifesto says, so we can reach our own conclusions about the meaning of those English words. Lord Armstrong has sensibly endeavoured to find a way through that does not wreck the Bill and preserves a decent and proper balance between the citizen's rights and freedoms and the Government's necessary demands to realise their policy. His amendments are clearly not all that my party and I would want, but that is the nature of compromise. If the Government are prepared to accept our good will in supporting his amendments and if they are prepared to accept our genuine concerns about the rights of the individual as against the power of the state, I hope that they will conclude that Lord Armstrong's attempt to broker a deal between the two warring sides is certainly worth supporting this evening.

Lord Armstrong's amendments provide a clear and simple solution that achieves fairness and justice, and which ought to commend itself to hon. Members on

both sides of the House, whether or not we support the general principle behind the Bill and the establishment of the national identity register. The Under-Secretary of State for the Home Department, the hon. Member for Leigh (Andy Burnham) is in the Chamber, and he will know Government policy often appears to be made up on the hoof from day to day. Different announcements appear in the newspapers as the Bill is manoeuvred through the highways and byways of Government policy making. However, if the Government are confident that their policy is right, they should allow the public to prove their case by giving them the choice to opt out of registration on the back of designated documents.

Both the Home Secretary and Baroness Scotland have accepted the thrust of Lord Armstrong's amendments by arguing that people can avoid compulsion by stealth if they renew their passports before the Bill in its unamended form becomes law. If they are prepared to advise the public to "cheat" to avoid the Bill's requirements, it is not logical for them to resist Lord Armstrong's attempt to bring light to this overheated debate. I urge the House to be adult about the matter so that at least we can put a Bill that is clear on the statute book. If we accede to Lord Armstrong's amendments we will, I accept, dissatisfy both sides of the argument but, presumably, we will achieve consensus, which gives the Government time to think and digest the quality of the arguments for and against opting out. Lord Armstrong's intervention in this affair is timely and constructive and it is certainly worth queuing outside the bathroom of my right hon. Friend the Member for Haltemprice and Howden for it. I look forward to the Home Secretary moving quietly towards that upstairs room with his bath towel in hand.

Madam Deputy Speaker: Order. May I remind hon. Members that we have a little over 40 minutes left for this debate? Several Members wish to contribute, so I urge them to be concise.

Mr. David Winnick (Walsall, North) (Lab): May I say straight away that I am in favour of the Lords amendment, which is a sensible proposal? I hope that my right hon. Friend the Home Secretary will accept it, as Lord Armstrong has tried his best to find a solution. However, I must be frank and express some disquiet, as I am one of the few Members who is in a genuine dilemma about the issue. The Opposition parties have made it clear that they would be willing to accept the Lords amendments at the end of the day, and some of my hon. Friends take the same view. The large majority of my right hon. and hon. Friends support the Government regardless.

While I accept the need for the Lords amendment, I reiterate what I have said on many occasions as a Member of Parliament: it is the elected Chamber that should decide. It would therefore be wrong, irresponsible and contradictory to say that, just because I share the view of the majority in the House of Lords, their view should prevail. Like the hon. and learned Member for Harborough (Mr. Garnier), I am encouraged by the Home Secretary's suggestion that there is room for compromise. The last thing that I want to do is use the Parliament Acts, but if the Lords absolutely refuse to agree, it is likely that they will be used. I accept that it is right to use them for certain issues, but it would be inappropriate to do so on this occasion. I very much hope that, even at this late stage, the Home Secretary is willing to enter negotiations—if that is the right description—to achieve a satisfactory outcome and to ensure that the view of the House of Commons prevails, whatever amendment or compromise is agreed. I do not think that we should be worried about compromise, as it is part of political life.

John Bercow *rose—*

Mr. Winnick: If the hon. Gentleman will forgive me, I will not give way, as I wish to heed Madam Deputy Speaker's advice about brevity. I shall cross my fingers and hope that compromise can be reached to prevent ping-pong throughout the day and night. Most of all, I do not want the Parliament Acts to be used. If my right hon. Friend the Home Secretary used the word, and if he means what he said, I can only hope, like everyone else with doubts and reservations, that compromise will be reached today.

Mr. Nick Clegg (Sheffield, Hallam) (LD): Last week I suggested to the Home Secretary that, if he rejected the amendments that were before us then, he would, as turned out to be the case, be facing the amendments before us today, which are arguably just as problematic from his point of view, because they would, as he explained, allow a wholesale opt-out from the need to register for an ID card. It remains my view that he would have been well advised to settle for the amendments that were before us last week. Even so, I hope that, even at this late stage, the Home Secretary will put himself and us out of our misery and accept the amendments from Lord Armstrong of Ilminster.

As the noble Lord said in the debate in the other place yesterday:

> "My amendments would restore an element of voluntariness—of personal freedom—which is absent from the Government's proposals",

but that voluntarism, or voluntariness, as he put it, was entirely in keeping with the Government's oft-quoted election manifesto, where there was a clear emphasis on voluntarism in the introduction of identity cards, an emphasis which the Government have been so quick and keen to forget. As the noble Lord rightly said:

> "There are a good many people out there who genuinely thought that the Government were proposing a voluntary scheme, and they were prepared to go along with it on that understanding".—[*Official Report, House of Lords;* 28 March 2006; Vol. 680, c. 651.]

The Government have already conceded the principle—it was a welcome concession—that compulsion will occur only on the back of separate primary legislation, which makes it all the more inexplicable that they seek to reject amendments that would allow them to do precisely that and take a voluntarist approach in the early stages of the introduction of identity cards, to be replaced by legislation enforcing compulsion at a later stage. That is the Government's intention. That is what they have explained to us. The amendments do not disturb that plan at all; indeed, they are perfectly consistent with it.

The other compelling reason why the Government would be well advised to support the amendments is that they would allow time to deal with the accumulating list

[Mr. Nick Clegg]

of uncertainties about how the draconian ID database would work in practice. We still do not know how much it would cost, who would run it or how they would run it. We have heard conflicting messages about chip and pin features and biometric features, but we do not know what would be on the card.

On Monday, we heard that yet another uncertainty had come to light. In a written answer to my hon. Friend the Member for Bath (Mr. Foster), the Under-Secretary of State for the Home Department, the hon. Member for Leigh (Andy Burnham) explained that some British citizens would have two identity cards—one listing their nationality, which could be confiscated if the Government wished to prevent them from travelling, and another not listing their nationality, which they would retain while the other one was confiscated, to access domestic services.

The written answer stated:

"However, to ensure that anyone subject to restrictions for an extended period of time can demonstrate their identity for domestic purposes, they will be able to obtain an identity card which will be issued to the same standards as other cards but which will not be valid for travel. This will be achieved by not specifying the nationality of the card holder on the face of the card.—[*Official Report*, 27 March 2006; Vol. 444, c. 758W.]

We now know that we might have not one, but two identity cards, on top of all the other uncertainties that I have enumerated. This is a model of bad Government policy and bad legislation. It raises the question why the country is expected to accept the imposition of a scheme that we know is illiberal in principle and flawed and open-ended in practice. For that reason and many others, I hope that the House will support the amendments tabled by Lord Armstrong.

Mark Fisher (Stoke-on-Trent, Central) (Lab): I feel that we are making very slow progress, but progress none the less, and I welcome that. I was delighted when the Home Secretary said this afternoon that he welcomed the positive tone being adopted.

The Lords amendments are a huge compromise. Some of us have had enormous reservations and have battled on the issue for weeks and weeks. It is almost difficult to accept but, in the interests of compromise, we must accept the Lords amendments, which are well intentioned and seem to be the only way forward that has a chance of reaching compromise with the Government. The Home Secretary said this afternoon that he will listen. That, too, is a welcome development, but only if he listens to the debate and is prepared to accept some compromise, whether the one now on offer or, later in the day, some other. Otherwise, listening and adopting a positive tone will mean nothing.

2.15 pm

We have made some progress already this afternoon. For the first time, we have heard from the Government what the debate is not about. We had been led to believe that it was about us coming in line with an international network of information that would allow us to tackle international terrorism and international crime. It was interesting that the Home Secretary said today that Britain was not acting as part of an international network, nor in relation to any requirement from the EU. We are doing it for our Government's national reasons. There is no doubt that they have sincere reasons, which we have heard from the Home Secretary in previous debates. We have established today that the scheme will not help us internationally. It may help us inside Britain to deal with those matters, but it will not be our contribution to an international effort to tackle terrorism and crime. It is important that the Home Secretary has said that.

The debate is also not about the so-called battle between the two Houses. I do not agree that this is a constitutional matter, and it should not be. That is a bad reason. Our Whips are undoubtedly putting pressure on Labour Members on exactly that basis—"Surely you cannot want to side with the Lords and obstruct the Commons". That is crude and represents a misunderstanding of our constitution.

We are a Parliament made up of two Houses and both of them have the same job: to scrutinise and hold the Government of the day to account. We should be doing that in co-operation with each other, which is not to say that the House of the Executive, which is this House, should not have supremacy. I believe that it should, but supremacy through co-operation, argument and compromise, not supremacy because we are elected. That is a very good reason, but in my view both Houses ought to be elected. As soon as they are, and I would hasten that day, that argument will fall. Even after both Houses are elected, this Chamber should be the supreme Chamber because the Executive is located here. The House of scrutiny should be along the other end of the corridor.

We are working on the same matters and, given that the job of both Houses is to scrutinise the Government, it is right and proper that, if the other House has doubts, it should express them and refer us to reconsider what we are doing and saying. There is nothing improper or unconstitutional about it. It is wholly constructive. The Lords are demonstrating the good faith of that constructive parliamentary attitude by coming up again and again with attempts to find a compromise. In this case, they have gone very far with amendments 22J and 22K. Those are worthy of the Government's consideration.

I hope that the Government will not seek to drive the proposition through now or later today. If they do, that would demonstrate that they were uncertain about their own case. They have good cause not to be confident. The Government do not trust the public to support an Identity Cards Bill that is truly voluntary. They have cited opinion polls showing that 70 per cent. of the public support identity cards, but the public do not know what will be in the register and do not understand it. When the public scrutinise the measure, I doubt whether they will accept a voluntary scheme. If the Government were really confident of their case, they would put it to the electorate and allow them to sign up or not sign up through a voluntary scheme. If they were persuasive and articulate, perhaps they would persuade the people of this country to sign up to a voluntary scheme.

Everybody is against terrorism and everybody is against international crime. If the Home Secretary and the Prime Minister were to make a sufficiently passionate and articulate case, we would get what we

should have, which is a voluntary scheme that the people of this country want to sign up to because they see it as a co-operative effort against crime and terrorism. However, the Government do not have that confidence in their case and do not think that the public will sign up.

The Government are not confident that the country would support a compulsory scheme. If the scheme were compulsory, they would not be able to compel the public to sign up and charge them £90 or £100, in which case they would have to pick up the cost themselves. I do not think that the Home Secretary is confident that he can persuade the Chancellor to provide the £13 billion that the scheme will cost—the figure is possibly greater than that. If the Chancellor had had to consider in his Budget whether to make cuts or to put up taxes to find that £13 billion, the Home Secretary would have received a very dusty answer.

Madam Deputy Speaker: Order. The hon. Gentleman should relate his comments not to the Budget, but to the amendments on the Order Paper.

Mark Fisher: I do not think that the Government are as confident about the view of either the public or the Chancellor as they have suggested. If they are not confident, and if the arguments that I have suggested carry any weight or merit, I beg the Home Secretary to find a compromise. Several compromises are possible, but the compromise that has come from the Lords today is very reasonable and represents a big step towards the Government. It certainly commends itself to me, so I shall support it, and I hope that it commends itself to the Government.

Madam Deputy Speaker: Order. Earlier, the hon. Member for Stone (Mr. Cash) raised a point of order, and I said that I would have the matter investigated, which I have done. I am satisfied that private interests, as defined for the purposes of hybridity, are not affected in a differential way.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): If reasoned argument were to prevail, the arguments advanced by the hon. Member for Stoke-on-Trent, Central (Mark Fisher) would see us through this day.

As my hon. and learned Friend the Member for Harborough (Mr. Garnier) has said from the Front Bench, this Bill is profoundly important. It challenges the very assumptions that many of us had about what being a British citizen is, namely the freedom to move around one's country not at the behest or let of the Government. The Government want to introduce a central data register, which seeks to look into the very depth and nature of the privacy of the citizen. That is territory that Britain has never faced before, not even through the wartime identity cards of the first world war or the second world war.

The Government are seeking profoundly to change the nature of our relationship with our state. Who is the servant and who is the master? The Government assert that the state must be the master, and they are therefore challenging our very understanding of what is personal liberty and freedom. I have always argued that the essential character of the British constitution and of how we have developed through the long march of everyman is about freedom. This scheme contradicts that central, basic principle and understanding of who we are.

The Government have called the ID card a voluntary card, and they have propelled that proposition on the basis that when one applies for a passport, it is, of course, a voluntary act. This is a trading nation, and the wealth and creativity of our people has been developed by engagement in the wider world—we have sought markets, and we have seen prosperity arise from that. The Government are now saying that one cannot engage in the very basis of the livelihood of this nation without applying for a passport and having an identity card linked to a central register. I do not suppose that many of us have the luxury of being able to say that we will desist from international trade or engagement with the outside world, so the compulsion lies in the necessity of having a passport.

The last time that we debated this matter, many of my hon. Friends asserted that we have a right to a passport, but we have no such thing. There is no common law that grants us the right to a passport, and there is no statute that defines the nature of citizenship. An article of the Canadian constitution firmly states the freedom of Canadian citizens to leave and enter Canada, but we have no such right, because it is a matter of the royal prerogative. That is what disturbs me, because it is almost a dictum of our modern constitution that we are all equal before the law.

I shall pose this question, because I want to see the Government explore the nature of our state: is the Queen to have an identity card? She is, after all, a citizen of Europe, so why should she not? Must she now have a passport—it is her prerogative, after all? Will the Prince of Wales be required to produce an identity card? I think that the Home Secretary should tell us straight whether we are all equal before the law. And why is the identity card linked to prerogative power?

Madam Deputy Speaker: Order. I hope that the hon. Gentleman will think carefully. It is inappropriate for members of the royal family to be brought into this debate.

Mr. Shepherd: Of course, I accept your view, Madam Deputy Speaker, but this is an enormously important constitutional debate, and we are talking about the relationships between the citizen and the state.

Madam Deputy Speaker: Order. We are actually discussing Lords amendments rather than the wider context of this Bill.

Mr. Shepherd: I do not mean to argue, Madam Deputy Speaker, but the whole point of the debate and the Lords amendments is whether to introduce compulsion or discretion, and I was inquiring as to the extent of the compulsion or the extent of the discretion. I see that the Clerk looks agitated, so I shall leave the matter there. Nevertheless, I would be grateful if the Home Secretary were to address that narrow point. The wider point still remains—the issue is effectively about compulsion. I do not find the Lords amendments especially attractive, but I shall vote for them. These two equal Chambers of Parliament—*[Interruption.]* The two Chambers are indeed equal in our constitutional terms.

[Mr. Shepherd]

We are debating the amendments, because they have been sent here from another place. The Government are threatening that if they do not get their way, they will invoke, if necessary, the Parliament Act. I will stand by the Lords amendments for the purpose of asserting the freedom of the individual.

Martin Linton (Battersea) (Lab): I rise to speak as an unashamed supporter of compulsion in ID cards. I was the first to suggest the idea of an entitlement card and it was always conceived not as a compulsory to carry scheme, but a compulsory to have scheme. I regret the fact that the Government have resiled from that position. However, I now hear the words "voluntary" and "compulsory" used in slightly different ways and there may be room for, if not a compromise, at least a meeting of minds.

Lord Phillips, in the other place, and some hon. Members have described the Swedish ID card as voluntary. Indeed, the LSE document, which has been used as background by many hon. Members, also describes it as voluntary. Indeed, it is voluntary in an important sense, but it is not voluntary whether someone is on the identity register. People are placed on that at birth, and their national identity numbers include date of birth. However, if people have passports or driving licences, they do not also need to have an identity card, for the simple reason that the passport or driving licence can be used for exactly the same purposes as they might need a national identity card. It is voluntary in that sense—

Jeremy Corbyn (Islington, North) (Lab): Will my hon. Friend give way?

2.30 pm

Martin Linton: I am sorry, but we must all heed Madam Deputy Speaker's words of warning and we need to make our points in the short time that is available.

Lord Armstrong of Ilminster is moving towards that sort of voluntary scheme, and I could happily live with that. Even Lord Phillips said that his amendment

"would have meant that the citizen had an option—effectively, for five years—on whether he or she wished to have an ID card."—[*Official Report, House of Lords,* 28 March 2006; Vol. 680, c. 645.]

If he means by that that one would be on the ID register but could choose whether to have an ID card, he should support the solution that is beginning to emerge. It is the ID register that is important, not the actual possession of a card.

When my passport runs out and I have to renew it, I cannot see that it will make much difference if an ID card is thrown in as well. I shall be happy because it provides an additional form of identity. The point was made in the last debate—it is central to the issue of voluntary and compulsory—that the information one gives to the Passport and Records Agency to renew one's passport is exactly the same as that required to go on the ID register. It consists of name, address, date and place of birth and nationality or immigration status—

Mr. Garnier: Will the hon. Gentleman give way?

Martin Linton: No, I am sorry but we are all under a time pressure—*[Interruption.]* If hon. Members look at the relevant schedule, they will see that it is those four pieces of information that are required—

Mr. Garnier: You do not understand.

Martin Linton: With respect, it is other hon. Members who have failed to understand the basic point that the information is the same, and it is the registers that are different. Indeed, the No to ID website requests people's forename, last name, house number, road, town, postcode and e-mail address. Even the organisation campaigning against ID cards requests very similar information from the people who log on to its website as that required for a passport or driving licence or by the ID register.

My central point—I think that Lord Armstrong is moving towards it—is that no compulsion should be attached to having the ID card, but people who renew their passports should have the same basic information duplicated on the ID register. I see no reason why we should therefore prolong the argument—

Angela Watkinson (Upminster) (Con): Will the hon. Gentleman give way?

Martin Linton: I am sorry, but this is a one-hour debate. I consider myself lucky to have caught your eye, Madam Deputy Speaker, and I want to make my points.

The argument put by my right hon. Friend the Home Secretary that the passport is not really compulsory has been widely mocked by people on the other side of the argument, but they must address the argument that if passports are compulsory, they are surely just as objectionable as ID cards. The ID card is no more than a passport to public services. It is a different form of passport, to be used in a different context. When someone wishes to obtain a benefit or open a bank account, they will not need to take their passport, which is a bulky document, because they will be able to use their ID card. It will work exactly the same as a passport does when crossing international borders. It will be a domestic passport and I do not understand why people object to one, but not the other.

At the heart of this debate lies deep confusion about the words voluntary and compulsory. If people are prepared to go along with Lord Armstrong's approach and accept that the important aspect is not the card but the register, we can all find common ground on which to agree.

Mr. William Cash (Stone) (Con): I continue to be deeply concerned about the question of compulsion. It is still inherent in the principle of the Bill and I will not change my position on that. It concerns the relationship between the individual and the state, as the Information Commissioner said. The information that will be accumulated will not be changed by a compromise along the lines that are being discussed, although I understand the motivation for the compromise.

Mr. Garnier: Is my hon. Friend also concerned that the hon. Member for Battersea (Martin Linton), who made the last speech that we endured, failed completely

to understand the difference between the requirement for a biometric passport, so that the biometrics can be read by a passport officer at the port of entry, and an ID card, which provides the gateway into the national identity register?

Mr. Cash: I could not agree more. The gateway is also the entry point for a form of compulsion that one would normally associate with countries that do not enjoy the freedoms of democracies such as the one in which we live—

John Bercow: Common law countries.

Mr. Cash: Indeed. The fact remains that this is an extremely important Bill. It is a very dangerous Bill, and much sophistry has been used by the Government in claiming the advantages of it. They have failed to understand how pervasive the state surveillance arrangement will be in practice and I am also deeply concerned by how it will differentiate between citizens. My hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd) mentioned members of the royal family, but I am concerned about the ordinary man in the street and the differences in the timing of application. I have received a new driving licence and passport in the last week, because mine were stolen. Therefore, my exemption will extend until 2016.

I accept your ruling on my point of order, Madam Deputy Speaker, and I understand it, but the principle that lies behind the issue of hybridity is not just a technical question. It is about treating people equally. The common law of this country should not contain one law for one section of the community and a different law for other sections. We apply the same principle in taxation. The constitutional question at the heart of this issue is not the difference between the two Houses, but the infringement on the freedom of individuals of this country and the differentiation between individuals who should be treated equally. I am utterly opposed to the principle of the Bill and will continue to be so.

Angela Watkinson: Does my hon. Friend share the confidence of the hon. Member for Battersea (Martin Linton) that the new identity cards will contain only the basic information of the four items that he listed? Might they not also, without our knowledge, contain a lot of additional information about health records, bank details, whom we know and where we go? Who would have access to that information?

Mr. Cash: I remain deeply worried about the ambit of the Bill and the powers that are being taken, which have recently been rather overlaid by much of the argument. There are powers in the Bill to make changes to the manner in which all these different requirements can be achieved.

The plain fact is that for all the reasons that I have given, I remain resolutely opposed to the Bill. I am astonished, although I should not be that surprised, by the authoritarian attitudes that are characteristic of this Government and, regrettably, of some Labour Back Benchers. That authoritarianism is reminiscent of another socialist—George Orwell.

Dr. Nick Palmer (Broxtowe) (Lab): We have only five minutes left, so I will be brief.

Members who are interested in this debate will acknowledge that I have a long-standing involvement in it. I put forward the proposal before the Government did, and I believe that it is a good one. I accept that we need to try to reach a compromise with the Lords, because it is an important issue and it is much better if we can take it forward in some degree of harmony. I should like to propose a compromise that would be acceptable to me and, I hope, to the Government and the Lords.

Let me first explain what Lord Armstrong is trying to do, as I see it. He is saying that as long as the electorate have not explicitly voted for compulsory ID cards, it should be possible for people to get a passport without having to accept an ID card. We understand the logic of that. However, the amendment has some specific problems. First, it would result in the creation of parallel registers for the passport and the ID card, which would be very similar, if not identical—we would need to debate that.

Secondly, not everyone whom we would wish to accept an ID card would do so. With respect to my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher), it is not true that everybody is against terrorism—terrorists are not against terrorism. Nor is it true that everybody is against crime—criminals are not against crime. If we have a voluntary scheme whereby people can say, "No, I don't want to be on it," we know that in practice people of goodwill may or may not sign up, but those who are not of goodwill will say, very politely, "No, thank you—I choose to opt out." The law enforcement objectives of the Bill would be completely undermined.

Finally, the electorate voted for us without scrutinising every line and comma of our various manifestos. I appreciate the role of Opposition Members as guardians of the Labour manifesto: perhaps they would like to stand for the party's national executive committee. The majority of our voters who took a view on identity cards simply want us to get on with it, and will be baffled if we wait until 2012 to involve a significant proportion of the population.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Will the hon. Gentleman give way?

Dr. Palmer: I cannot, because of the time available.

My compromise suggestion, which echoes that of my hon. Friend the Member for Battersea (Martin Linton), is that we say that we accept—*[Interruption.]*

Madam Deputy Speaker: Order. Will Members who have just arrived in the House please keep their conversations lower?

Dr. Palmer: We should say that we accept that if people register for a passport, their entry goes on to the national identity register, but that we also accept that people can refuse to take an ID card for as long as it is voluntary. If the electorate later agree that the scheme should become compulsory, at that stage their entries will be on the register and all that we need do is to let them know that their ID card is now ready. We would not be compelling them to take the card, but merely moving forward on the register, which is essentially the

[Dr. Palmer]

same as that for the passport. It seems to me that that is a key objective of Lord Armstrong in trying to avoid the compulsory issuing of identity cards, and that it also achieves the objectives of the scheme in moving forward and giving us the chance to do what the electorate understood that we wanted to do—to move forward with an identity card scheme.

I hope that this has been a helpful contribution to the debate. I also hope that we are able to reject the amendment, because I honestly do not think that it would work, and that when it goes back to the Lords, they will accept the change.

It being one hour after commencement of proceedings, MADAM DEPUTY SPEAKER *put the Question, pursuant to Order [13 February].*

The House divided: Ayes 305, Noes 251.

Division No. 203] **[2.45 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammed

Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Gillian Merron and
Mr. Dave Watts

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Fisher, Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Galloway, Mr. George
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Glenda
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rogerson, Mr. Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wareing, Mr. Robert N.
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Williams, Mark
Williams, Mr. Roger

Williams, Stephen	Wright, Jeremy
Willis, Mr. Phil	Yeo, Mr. Tim
Willott, Jenny	Young, rh Sir George
Wilson, Mr. Rob	Younger-Ross, Richard
Wilson, Sammy	
Winterton, Ann	**Tellers for the Noes:**
Winterton, Sir Nicholas	**Mr. Crispin Blunt and**
Wishart, Pete	**Annette Brooke**

Question accordingly agreed to.

Lords amendments Nos. 22J and 22K disagreed to.

Committee appointed to draw up Reasons to be assigned to the Lords for disagreeing to certain of their amendments to the Bill: Mr. Nick Clegg, Mr. Edward Garnier, Andy Burnham, Mr. Khalid Mahmood and Joan Ryan; Andy Burnham to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Joan Ryan.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

Immigration, Asylum and Nationality Bill (Programme) (No. 3)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme motions),

That the following provisions shall apply to the Immigration, Asylum and Nationality Bill for the purpose of supplementing the Order of 5th July 2005 (as varied by the Order of 11th October 2005):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion two hours after their commencement at this day's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Mr. Watson.]*

The House divided: Ayes 317, Noes 247.

Division No. 204] **[3.1 pm**

AYES

Abbott, Ms Diane	Clark, Ms Katy
Ainger, Nick	Clark, Paul
Ainsworth, rh Mr. Bob	Clarke, rh Mr. Charles
Allen, Mr. Graham	Clarke, rh Mr. Tom
Anderson, Mr. David	Clelland, Mr. David
Anderson, Janet	Clwyd, rh Ann
Armstrong, rh Hilary	Coaker, Mr. Vernon
Atkins, Charlotte	Coffey, Ann
Austin, Mr. Ian	Cohen, Harry
Austin, John	Connarty, Michael
Bailey, Mr. Adrian	Cook, Frank
Baird, Vera	Cooper, Rosie
Balls, Ed	Cooper, Yvette
Banks, Gordon	Corbyn, Jeremy
Barlow, Ms Celia	Cousins, Jim
Bayley, Hugh	Crausby, Mr. David
Beckett, rh Margaret	Creagh, Mary
Begg, Miss Anne	Cruddas, Jon
Benn, rh Hilary	Cryer, Mrs. Ann
Benton, Mr. Joe	Cummings, John
Berry, Roger	Cunningham, Mr. Jim
Betts, Mr. Clive	Cunningham, Tony
Blackman, Liz	Curtis-Thomas, Mrs. Claire
Blackman-Woods, Dr. Roberta	Darling, rh Mr. Alistair
Blears, rh Hazel	David, Mr. Wayne
Blizzard, Mr. Bob	Davidson, Mr. Ian
Blunkett, rh Mr. David	Dean, Mrs. Janet
Bradshaw, Mr. Ben	Denham, rh Mr. John
Brennan, Kevin	Devine, Mr. Jim
Brown, Lyn	Dismore, Mr. Andrew
Brown, rh Mr. Nicholas	Dobbin, Jim
Brown, Mr. Russell	Dobson, rh Frank
Browne, rh Mr. Des	Donohoe, Mr. Brian H.
Bryant, Chris	Doran, Mr. Frank
Buck, Ms Karen	Dowd, Jim
Burden, Richard	Drew, Mr. David
Burgon, Colin	Eagle, Angela
Burnham, Andy	Eagle, Maria
Butler, Ms Dawn	Efford, Clive
Byers, rh Mr. Stephen	Ellman, Mrs. Louise
Byrne, Mr. Liam	Engel, Natascha
Cabom, rh Mr. Richard	Ennis, Jeff
Cairns, David	Etherington, Bill
Campbell, Mr. Alan	Farrelly, Paul
Caton, Mr. Martin	Field, rh Mr. Frank
Cawsey, Mr. Ian	Fitzpatrick, Jim
Challen, Colin	Flello, Mr. Robert
Chapman, Ben	Flint, Caroline
Chaytor, Mr. David	Flynn, Paul

Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Claire Ward and
Mr. Parmjit Dhanda

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne

Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Galloway, Mr. George
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rogerson, Mr. Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Simon Burns and
Mr. Crispin Blunt

Question accordingly agreed to.

Immigration, Asylum and Nationality Bill

Lords amendments considered.

Mr. Deputy Speaker (Sir Michael Lord): I must draw the House's attention to the fact that privilege is involved in Lords amendments Nos. 18 and 19. If the House agrees to either of those Lords amendments, I shall ensure that the appropriate entry is made in the Journal.

Clause 1

VARIATION OF LEAVE TO ENTER OR REMAIN

Lords amendment: No. 1

3.15 pm

The Minister for Immigration, Citizenship and Nationality (Mr. Tony McNulty): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may discuss Lords amendments Nos. 2 to 5, 7 to 10, 20, 32 to 37, 39 and 40.

Mr. McNulty: This group of amendments is a package that will allow all decisions to be considered in a single set of appeal proceedings. I am glad that we have been able to make those changes in response to sensible concerns and suggestions, while achieving the effective one-stop appeal system that we sought. All the amendments are Government amendments reacting to sensible points made during the debate. That has characterised proceedings on the Bill in both this and the other place. Some good discussion and debate has taken place around a range of serious matters, which have been dealt with clearly by Front-Benchers on the Floor of the House and upstairs.

Keith Vaz (Leicester, East) (Lab): Will my hon. Friend give way?

Mr. McNulty: If I may, I shall progress beyond the first paragraph before giving way.

The amendments will restore an in-country right of appeal against a decision to curtail or to refuse to vary leave where the effect of such a decision is that the person in question has no leave to enter or remain. That is the case under existing legislation. That point was discussed at length in Committee and in another place.

Keith Vaz: I am sorry to have interrupted my hon. Friend before he gave us the good news. I welcome the fact that he has listened to those who have expressed worries about the proposals. Does he share my view that it is also important that the backlog of cases at the immigration appeal tribunal is dealt with as quickly as possible, so that people who appeal get quick decisions rather than having to wait a long time, thereby prolonging the delay?

Mr. McNulty: My hon. Friend will know that that point bears no relation to this set of amendments, but I am more than happy to concur with the thrust of his remarks. We are making the system far more effective, through a range of measures, than it is currently.

On the import of the amendments and the clauses to which they apply, we maintain that changes are needed to create an effective one-stop appeal system, with the caveat to which my hon. Friend the Member for Leicester, East (Keith Vaz) referred about the original system. To facilitate that, we have created a power to make a removal decision while a person's leave is extended by statute. That will put the onus on the Government to make variation and removal decisions simultaneously in order to gain the benefits of that provision. Appellants will be able to contest a decision to curtail or to refuse to vary leave at the same time as they can contest a decision to remove them from the UK. That right of appeal can be exercised while in the UK and the appellant will continue to enjoy leave, on the same terms as before, during the appeal process. For example, a student will be able to continue studying throughout his appeal proceedings. Again, the position is the same under existing legislation.

We have also introduced a new order-making power, which will potentially place a limit on the power to certify asylum and human rights claims as clearly unfounded. The intention is that that will allow the Secretary of State to designate certain categories of applicants as being beyond the scope of the section 94 certification powers in the Nationality, Immigration and Asylum Act 2002. That will enable us to ensure that where people have been granted leave on a particular basis, they will always be entitled to an in-country right of appeal.

Those changes fit into the wider strategy of implementing an end-to-end migration process. That will incorporate other elements of the five-year strategy, such as the introduction of e-borders, which will help us to know when people fail to comply with the terms of their leave. Specific concerns were expressed, however, about clauses 1, 3 and 11, and the interplay between them, in terms of those variations, which I think we have rectified through the amendments.

John Bercow (Buckingham) (Con): The Minister referred to the assumption of a new order-making power and to a category of persons to whom it would apply. For the elucidation of those of us who did not serve on the Standing Committee and who have not been privy all along to the details of the Government's thinking, can he say exactly who will be in that category and therefore to whom the new order-making power will apply?

Mr. McNulty: That is an entirely fair point. We do not intend to use that power with any repetition or regularity, but at one end of the process it will include children, and in other cases it will include those who, through the Special Immigration Appeals Commission or other processes, have been earmarked as necessarily being excluded. It is not—I am grateful that this did not characterise our deliberations too much—a universal power that affects everyone but is used in limited circumstances. In many other debates on the subject, the House has taken a universalistic approach to measures that were intended to deal with very limited circumstances. That certainly applies in this instance.

I said in Committee that when we were in a position to elaborate before embarking on the process of making the order, if it proved possible to consult and give the

[Mr. McNulty]

House further details of the nature and shape of the order before it was put to the House I would do so, in keeping with the approach that I had tried to adopt in Committee.

Mr. Philip Hollobone (Kettering) (Con): By how much will the appeal process be shortened if the Government amendments are passed?

Mr. McNulty: The main purpose is to establish a one-stop appeal process and for all matters to be considered on that one-stop basis. At worst, there are currently any number of lengthy delays leading up to an appeal on variation of leave, and further delay after the appeal has been resolved and as a prelude to an appeal on removal. By definition, the amendments must truncate the appeal process while, crucially, maintaining all the human-rights considerations such as fair play and natural justice that should prevail during it.

The strict answer to the hon. Gentleman's question really depends on his definition of how long the combined process lasts now, and on how we can reduce it to one stop. However, there is a backstop to all the options in the shape of natural justice and all the other elements of given rights, and a full deliberation on all aspects of an individual's case at the one-stop appeal.

I have not counted them, but there is a range of amendments which, although consequential, are consequential to substantive amendments that go to the heart of many of the genuine anxieties expressed by Members of both Houses about a crucial matter, which some Members may wish to follow up. I refer to the interplay between clauses 1, 3 and 11, and the way in which they relate to all aspects of appeals on variation of leave. We think that the Bill is now in much better shape—

Mr. Neil Gerrard (Walthamstow) (Lab) *rose—*

Mr. Peter Bone (Wellingborough) (Con) *rose—*

Mr. McNulty: I shall return to the stereo in a moment. First, if I may, I shall finish my sentence.

We think that the Bill is now in much better shape because of the scrutiny here, in Committee and in the other place, and that the House can feel more than satisfied that the current proposals are appropriate.

Mr. Gerrard: May I return to the point raised by the hon. Member for Buckingham (John Bercow)? I believe that it related to Lords amendment No. 10, which deals with the order-making power in regard to certification. If I understand the amendment correctly, it provides for the Government to introduce orders under the power to protect people from certification. I trust that that would apply to a number of groups, as well as unaccompanied children. The amendment seems to imply that certification will, or may, happen unless an order is introduced.

Mr. McNulty: In relation specifically to the amendment, my hon. Friend is right. In the wider context of certification, the provision goes beyond that. When we discussed the issue in Committee, my hon. Friend expressed particular concerns about unaccompanied children. I said then, and repeated a moment ago, that when we knew the final shape and direction of not just the order but the substance, I would be more than happy to present it to the House before the order-making process went ahead in the normal fashion.

Mr. Bone: As the Minister knows, I write to him frequently because of the immigration issues that arise in my surgery. Three or four will probably arise this week. Although it is claimed that the process will be completed within 13 weeks, it is generally more like 13 months, which causes a great deal of anxiety. I hope that the amendments will improve the position.

Mr. McNulty: I cannot claim that the amendments will deal with the much-vexed issue of the 13-week clause in letters, but I take the hon. Gentleman's wider point about the immigration and nationality directorate—rather like other Government bodies—saying what it means and meaning what it says. As the hon. Gentleman will know, I have engaged in extensive meetings, six or seven of them, with a range of Members. Some, but not all, have focused on new Members. I had a meeting only the other day—happily, I did not spend too much time at it—with the Liberal Democrats. I do not know whether the hon. Member for Ashford (Damian Green) has received this information yet, but I have said that if a meeting with new Conservative Members proves necessary, I shall be more than happy to arrange it. However, I hope, and am assured, that the stock of "It will take only 13 weeks" letters is diminishing as we speak.

I want the IND to be very clear about relisted time limits, however embarrassing that may be. I envy the hon. Member for Wellingborough (Mr. Bone) if he receives only three or four letters a week; my office, in a London constituency, receives about that number in an hour, and far more cases arise in my surgery. We should bear it in mind that the people involved are often in the most vulnerable circumstances. To them, 13 weeks means 13 weeks, and after 13 weeks, to the day, they are on the telephone to Members of Parliament and others wanting something to be done. The time limits should reflect reality. I hope that the hon. Gentleman agrees that the position is improving, but scope remains for things always to get better, as someone said.

John Bercow: As the Minister will know, the demography of my constituency is such that I do not receive a large number of such cases, but those that I do receive are of great importance to the people who come to me, and of great importance to me.

May I ask the Minister two things about the order-making power? First, it is not clear to me—I am not suspicious, but I want to know—whether it is subject to the negative procedure of the House, as I suspect, or to its affirmative counterpart. Secondly, may we have sight of further details of the power before the legislation is given Royal Assent?

Mr. McNulty: In answer to the second question, I can say—without tempting presumption in relation to this House or the other place—that I hope for a rather swift Royal Assent. I therefore cannot promise sight of those

details between now and Royal Assent, assuming that matters proceed as I expect—although they may not, of course. I repeat, however, that I will ensure that the House has sight of the details before the order is laid, so that Members know what is coming rather than seeing it for the first time on the Order Paper. Although I am loth to encourage the hon. Gentleman, because I concentrated on his second question the first now completely escapes me. If he will repeat it, I will respond to it.

John Bercow: Negative versus affirmative.

Mr. McNulty: I shall need to check. The Delegated Powers and Regulatory Reform Committee asked us to adopt the affirmative procedure in regard to a range of order-making powers, and in the main we have done that. I hope that I shall receive some sort of inspiration and will be able to let the hon. Gentleman know the answer to his question, but as these are serious matters I have tried more often than not to ensure a positive rather than a negative. Having said that, I must say that in this case it is a negative. However, we shall deal later with other cases that are overwhelmingly positive because we have followed the deliberations of the DPRRC, wherein lies the source of many of the other amendments.

With those caveats, and with the assurance that I shall ensure that the order is available before it is tabled and we engage in the rather limited negative process, I commend the amendments. I think that they put the relationship between clauses 1, 3 and 11 into far better shape, and for that I thank this House and the Standing Committee.

Damian Green (Ashford) (Con): I am sure that the whole House was delighted to see the Minister rise to move this group of amendments, given his slightly strange failure to reach the starting gate a couple of weeks ago, when we were meant to be discussing them. I am also very conscious that some in this Chamber, including him, have been toiling for months in the vineyard that is this Bill. I have been added to the toilers at the back-end of the eleventh hour of our proceedings; indeed, I feel like a substitute sent on in injury time, trying to find the pace of the game.

3.30 pm

As the Minister said, essentially this group of amendments deals with the vexed subject of appeals, which has been debated passionately throughout the various proceedings in both Houses. I welcome his agreement that they are a tribute to the debates in another place. I pay specific tribute to Baroness Ashton, who has shown that she is a Minister capable of listening and of engaging in constructive debate with Opposition parties. That welcome ministerial attribute is not always a universal one; however, it is a universal attribute of the better Ministers.

There are a number of important issues to discuss when we come to the other groups of amendments, so I shall be brief, particularly given that, in essence, we support the changes that their Lordships have made to this part of the Bill. We share the aim of a shorter appeal process. Over-long legal proceedings bedevil the whole immigration process and, as has already been demonstrated in interventions, they are one reason why so many of those involved in the immigration process regard it as a failing policy area.

We have just discussed the standard 13-week letter that all of us have received from the immigration and nationality directorate. The Minister says that he still has a stock of them that he needs to get through. To be candid, for many of us, the easiest way to get through them would be simply to cross out "week" and insert "month", because these days, 13 months is much more likely to be the time within which people expect to get a response. The Minister probably knows better than anyone that that is simply unacceptable. It is a symbol of the delays that have occurred throughout the process, so we welcome the attempt, through these amendments, to balance the desire to shorten the appeal process with the essential safeguarding of the legal right of those going through the process to feel that they are not being put at a particular and important disadvantage by the Government's proposed changes, which do, of course, in some ways reduce the right of appeal.

The key point is that these amendments meet the concern—expressed by Members of all parties—that an appeal against refusal to vary leave should be in-country, and that people's leave should be preserved on the same terms and conditions until that appeal is finally determined. We therefore welcome them, and we also welcome the fact that appellants with humanitarian protection and unaccompanied minors—a key and sensitive area that, to judge by other groups of amendments, we will consider again later—will benefit from the changes. We welcome the fact that if an asylum appeal is certified as being clearly unfounded, it can still be heard out of country; however, the possibility remains of challenging the certificate by judicial review. That is a sensible step.

Finally, the Immigration Law Practitioners Association seeks two valid assurances. First, can the Minister offer an assurance that the amendments do not create any new powers to subject people to restrictions, over and above the powers that already exist in respect of those with an in-country appeal against a decision to refuse to vary leave? Secondly, can he assure us that the Government are considering using their new powers to protect certain groups from certification of their asylum claims as "clearly unfounded"? I believe that the answer to both questions is yes, but it would be helpful all round if the Minister could say so formally here today.

Mr. Gerrard: I will be brief. The amendments go a long way towards answering many of the concerns that were raised in Committee about the changes to appeal rights. Indeed, I welcome many of the changes that have been made.

I have referred already to Lords amendment No. 10, but No. 8 is also important as it deals with a matter that I discussed at some length with the Minister in Committee. It clarifies the position of people whose application for variation of leave is refused and who are waiting for their appeal to be heard, by providing that the terms and conditions of leave will be preserved until that appeal is determined. I hope that I am right in believing that that provision reads over to the clauses dealing with employment, so that people with leave to be here and permission to work would retain that permission until their appeal had been heard.

[Mr. Gerrard]

In Committee, I said that many hon. Members would be familiar with the problem that people given exceptional leave to remain for a number of years might apply for indefinite leave, but that consideration of the application can take so long that their exceptional leave expires. The amendments provide that the terms and conditions of that exceptional leave will still apply, so that people will retain their permission to work. Unfortunately, the problem is that, because such people will be able to show on paper only that their exceptional leave to remain has expired, potential employers do not believe that they retain their permission to work. Similar problems arise with the Benefits Agency—because people's exceptional leave to remain has expired and their valid application for indefinite leave has still to be determined, the agency asks for proof that they are entitled to benefits.

I hope that the Minister will confirm that when the new systems are introduced, people who are notified that their application for variation of leave has been refused and that they have a right of appeal are also told that their existing permission to remain is valid until the appeal is determined. That would help everyone. The people involved would be able to convince employers or the Benefits Agency, if necessary, that their previous entitlements still applied.

Mr. Bone: Does the hon. Gentleman agree that confusion about the matter is a big problem? People bring various bits of paper to advice surgeries, but are not sure what they can and cannot do, so what he suggests would be most helpful.

Mr. Gerrard: It is very common to see people who are not clear about such matters, but most of the people whom I see believe that they should remain entitled to work or to claim benefit. Their problem is that potential employers do not accept that, as it is not possible to produce a piece of paper that says so. All they have is a piece of paper showing that their exceptional leave to remain has expired.

It would help everyone—the individuals concerned, employers, the Benefits Agency and MPs who hold advice surgeries—if the Home Office were to make it clear, when issuing notices of revocation, that people have a right to appeal and that existing permissions continue until that appeal is heard.

Having said that, I welcome the changes that have been made. They pick up many of the points made in Committee, and the structure of the relevant clauses is much better and more acceptable as a result.

Mr. David Heath (Somerton and Frome) (LD): With the use of several metaphors, the hon. Member for Ashford (Damian Green) told us how late he had come to the Bill. I come to it even later, but I make no excuses for that because every year there is an immigration and asylum Bill to catch. I have worked on many of them in previous years.

I do not want to extend the debate on this group of amendments, which I welcome. I acknowledge the Minister's comments about the care that has been taken on both sides—in Committee and on Report in this and another place—to make the measure a workable piece of legislation. I endorse what the hon. Member for Ashford said about Baroness Ashton of Upholland, who is an outstanding Minister. She is characterised by her preparedness always to listen to what is said and to react politely and transparently. She is an object lesson to all Ministers in either House—*[Interruption.]* Of course, that applies to all Home Office Ministers.

The hon. Member for Walthamstow (Mr. Gerrard) probably knows more about immigration and asylum than any other Member. He made some apposite comments about documentation, which I support.

The amendments make it clear that there will be in-country appeal and that leave will be preserved according to the same terms and conditions until the appeal is determined. I hope that that will be welcomed on both sides of the House, so that we can move on to groups that contain slightly more contentious issues, which will need longer debate.

Mr. McNulty: I was asked to respond to a couple of points. I shall happily take back to Baroness Ashton people's kind words, which I heartily endorse all round. Once or twice, she invoked me as her Big Brother, nastier version in the Commons, but it got the job done, which is what matters.

The hon. Member for Ashford (Damian Green) made a fair point when he asked for an assurance that the new powers would not subject people to restrictions over and above existing powers that apply to a person with an in-country appeal against a decision to refuse, vary or curtail leave. I happily give that commitment. The amendments create a new power to make a removal decision while a person has continuing leave, but they do not create new powers to restrict a person's activities, so because people will have continuing leave during an appeal they cannot be detained, or required to report, during the currency of their appeal.

I concur with the point that my hon. Friend the Member for Walthamstow (Mr. Gerrard) knows far more than anybody else about these matters. Happily for me, this is my first immigration Bill; my hon. Friend has worked on all of them since 1997. We do not always agree about them, but I certainly agree about his integrity and the informed manner with which he puts his case.

My hon. Friend made two points. One was about practicality and goes beyond the Bill. The second was specific to the Bill and I can tell him that, yes, people will have continuing leave on the same terms; for example, if they were able to work before the original decision, they can continue to do so before the appeal. We discussed that at length in Committee.

My hon. Friend's second point, which related more to the practicalities, was how we could reach clarity about a person's continuing status during the appeal. We need to consider that in some detail, but I hope that he agrees that it is a question of practicalities—how we get the message across and raise awareness—rather than substantial to the amendments. We accept the amendment and I commend it to the House.

Lords amendment agreed to.

Lords amendments Nos. 2 to 5 agreed to.

Clause 4

ENTRY CLEARANCE

Lords amendment: No. 6.

3.45 pm

Mr. McNulty: I beg to move, That this House agrees with the Lords in the said amendment.

If the interplay between clauses 1, 3 and 11 dealt with in-country appeals, clause 4 is just about entry clearance officer appeals. I say that because there was some confusion about whether all those matters came broadly under one heading. The other complication is that clause 4 relates not only to much of what is in the five-year strategy, but equally to what is in the points-based system document that was launched just the other week. Again, I can say, at my emollient best—we all have the training; some of us retain it better than others, and I am clearly not one of them—that I am happy to accept the Lords amendment because there were concerns about how things would operate once appeal rights were removed.

As I have said before, as and when we introduce various parts of the points-based system, only then will the appeal rights fall away. So there is not a big bang approach or a notion that, pending Royal Assent and subsequent commencement, appeals disappear, creating a gap before the points-based system and the new arrangements are introduced. We have made it clear that we will take away the appeal rights, as afforded by clause 4, only as and when the equivalent element of the points-based system is in place.

Clause 4 will remove appeal rights simultaneously with the introduction of the tiers of the new system. We need not dwell on the new system, but I accept the concerns expressed in the Lords amendment: if we are making such a move, which is radical in introducing the points-based system and perhaps in removing the appeal process, it is incumbent on us to make substantive reports to the House about the efficacy or otherwise of the system once the appeal process has been removed. That is essentially what the Lords amendment is about, and we are happy to accept it.

The report will include an assessment of the effect of removing appeals and look at the administrative review process that we will create and other aspects, including—this may be some of concern to hon. Members, but it is not meant to be—the notion that opinions may be recorded, under subsection (3)(g). We want the report to be as full as possible. We want it to include concerns and opinions about how effective or otherwise the system has been from what we are now told—in the training school for Ministers—to call stakeholders. The various groups that have some interest in the efficacy of the points-based system and the removal of appeals should be included in a report presented to the House.

In conclusion, the Lords amendment meets some of those concerns, including the broad concern that British public policy is terribly good at making legislation but not terribly good at taking account of, evaluating and feeding back the success or otherwise of that legislation. That is what the report seeks to address, so we are happy to accept the Lords amendment in the spirit in which it was intended.

Damian Green: This will be the apogee of cross-party agreement on the Bill in some ways, since I am inevitably happy to support the Lords amendment, which was tabled by my noble Friend Baroness Anelay. Once the Government had rejected the arguments of a wide coalition, including the CBI and Universities UK, that their original ideas about the implementation of clause 4 would be disastrous, my noble Friends in another place had to find the best available option, given the pressures of the Salisbury convention, which they always observe, and Lords amendment No. 6 is precisely the best available option.

The Minister should be aware, however, that in supporting the Lords amendment we do not resile from the deep sense of unease that caused us to vote against the underlying clause, clause 4, in Committee. There are a number of reasons why the reporting back procedure that the Lords amendment proposes is the bare minimum necessary to allow Parliament to take a proper considered view of the Government's very radical reductions in the rights of those who apply for entry into this country.

The key to whether the new system will work is the quality of initial decision making. At the moment, almost no one has much confidence that that is up to the task. I dare say that even the Minister, in his more honest private moments, wonders whether it is.

The assurance given by the Government throughout the debates, and again this afternoon, has been that the new points-based system, which they have now published, makes everything so transparent and easy for applicants and their sponsors that the world will change and difficulties will melt away. Again, privately, in his honest moments, the Minister will understand why those who have regular contact with the immigration system in this country will be profoundly sceptical about the optimism shown by the Government on that issue.

In this debate we will wish to confine ourselves to the issues that make reporting back vital. The Minister will be aware that many people still find huge flaws in the operation of the system. As I said, the quality of decisions is the key to this matter. Last year, 53 per cent. of appeals against refusals of entry clearance were allowed. It is worth dwelling on that figure. It is more likely than not that if someone appeals against a refusal, they will be successful. The initial decisions are slightly more likely to be wrong than right. I cannot imagine many areas of public policy where we would regard that as an acceptable initial performance—*[Interruption.]* As ever, the Minister has gone back into chuntering mode. If he wishes to challenge the figures, I am sure that he can do so.

Throughout the debates in both Houses, it has been clear that there is profound dissatisfaction with the entry clearance system. The Minister is trying to assure us that the new points-based system will resolve all that. At best, the verdict will have to be "not proven", because he has not got the new system in place yet. The degree of scepticism shown by everyone involved in the process is entirely right.

Mr. Bone: Sitting in my surgery and listening to the people who come in and say that their applications have been refused, I wonder about the standard of consistency between decisions. I hope that this system will make things slightly better.

Damian Green: My hon. Friend makes one of the many good points that are made by those who suffer under the current system: the quality of decision making seems to be hugely variable, depending on from which entry post the applications are originally made. That is shown in the statistics as well. Some of them have much higher rates of successful appeals than others. One can only assume that that reflects a variable quality of initial decision making. It is impossible to imagine that it reflects anything else.

The Government's point is that the new system is better because it will be much more objective and transparent. Good—let us hope that that happens. However, as the Minister himself said in Committee:

"100 per cent. objectivity is a fool's errand . . . It is not about simply ticking boxes and adding points up, although that is a large part of the measure."—[*Official Report, Standing Committee E,* 20 October 2005; c. 116.]

He is absolutely right about that. The system will not be 100 per cent. objective. Subjectivity will still come in, so if the new system is to inspire more confidence and perform better than the existing system, it is essential that everyone can be confident that the people making the decisions, which will still be subjective in part, are up to the job. That is one of the key reasons why it is vital that we review the system after a few years.

The other key point was made at length by the outgoing independent monitor, Fiona Lindsley, who has been extensively quoted in the debates on the issue. Talking about the system and referring to the fact that 37 per cent. of appellants were successful in paper-based appeals, she said, "That is pretty damning." The Minister is famously contemptuous of everyone who disagrees with him, but I hope that he will take an independent monitor seriously, especially as she pointed out that the National Audit Office broadly agreed with her assessment of the system. If she thinks that the system is inadequate and the National Audit Office thinks that it is inadequate, it is not unreasonable for other people to think the same.

One could have many serious reservations about what the Government are doing, and I congratulate their lordships on producing a way in which the House, the other place—and, indeed, anyone involved in the system—can come back in a few years to find out whether the Minister's optimism was justified. I hope that it will be justified, but I fear that it will not.

Mr. Heath: Again, I do not need to take long. I entirely welcome the fact that the amendment was moved and accepted in the other place and that the Minister is accepting it today. The amendment represents a small move towards effective post-legislative scrutiny. It is hardly a revolutionary step in that direction, but at least it gives us a yardstick by which we can measure the performance of the system in future years. I do not think that that measure will be enough to let us make a proper assessment, so I hope that the relevant Select Committees will examine the performance of the system carefully, using the report as their basis. I agree with the hon. Member for Ashford (Damian Green) that the success rate of appeals is a crude indicator, but it certainly suggests that there is a limit to the accuracy of the present assessment procedures. That, at the very least, gives us an indicator of where we should be looking.

Proposed new subsection (3)(g), in Lords amendment No. 6, which reads "may record opinions", is especially valid because it will allow not just the accumulation of numerical data, but impressions to be sought and given about the way in which the system is working. When the Minister talks about stakeholders—many of us have difficulties with that term as a concept—I hope that he is not referring simply to the usual suspects and the obvious organisations that might have a prepared opinion, whether that is on immigration, legal matters or business. I hope that the group will also include those who are directly affected, either as users, or perhaps as individuals in the small business sector. The Minister will know that there are specific concerns about the recruitment of staff in ethnic restaurants.

Keith Vaz: As the hon. Gentleman has covered the point, I do not need to go on about all the ethnic restaurants in the United Kingdom. However, I put it to him that when we examine the overall spread of immigration decisions, it is important that we consider the robustness and effectiveness of entry clearance decisions. It is not just a question of the Home Office getting things right. If the review process shows that changes have to be made regarding decisions on posts abroad, they should be implemented.

Mr. Heath: I could not agree more. When I was a member of the Foreign Affairs Committee, we examined closely consular activities and procedures in the sub-continent of India and Pakistan. I hope that we made constructive comments about the arrangements that were in place. I agree with the hon. Gentleman's point, welcome the amendment and hope that we will examine carefully how the system works in the future.

Mr. McNulty: There is little to come back on. I thank hon. Members for their comments. The Bill will be improved by the amendment, which we are happy to accept. I shall not dwell on the undue provocation of casual empiricism at length from the hon. Member for Ashford (Damian Green). I forgive him that, given that he is new in his post, but much of what he said was complete nonsense and factually inaccurate, and it would not stand up in the gentlest of winds. However, in the spirit of emollition and scrutiny—

Damian Green: Be specific.

Mr. McNulty: I will be specific at length afterwards, but I do not want to waste people's time now, as the hon. Gentleman did. In the broader spirit, rather than in my normal spirit, I commend the amendment to the House.

Lords amendment agreed to.

Lords amendments Nos. 7 to 10 agreed to.

Clause 15

PENALTY

Lords amendment: No. 11.

4 pm

Mr McNulty: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to take Lords amendments Nos. 12 to 16.

Mr. McNulty: These amendments are all, in the main, fairly minor and technical. Some go to points made by the Delegated Powers and Regulatory Reform Committee; here, rather than elsewhere, we move from negative to affirmative procedure with some of the order-making powers, especially in amendments Nos. 12 and 13. Some dwell on—legalistic purists might demur at this—the issue of effluxion of time, which might be better put into English in the Bill, so it duly is, in amendment No. 15. Many of the other provisions simply repeat these technicalities or go to some of the consequences that should be reflected from the Equality Bill. I know that people always bristle and become deeply suspicious when a Minister contends that a series of amendments is minor and technical. They scurry off and read them in great detail, because they having the feeling that the Minister is trying to hide something. I can assure the House that in this instance all the amendments before us, which were agreed to by the other place, are entirely acceptable to the Government. In that spirit, I ask the House to accept the amendments.

Damian Green: I will not bombard the Minister with any more facts, because I know that under the bluster he is a sensitive flower who dislikes facts that he finds uncomfortable being put forward. However, I shall ask him a question. Unusually, I am happy to accept his assurance that the amendments before us are largely technical. Despite all the evidence, I wish to believe him on this matter.

The amendments are clearly designed to remove some of the ambiguities in the Bill. Perhaps the Minister could comment on whether he thinks that the amendments are sufficient to cope with public sector employers who fall foul of the Bill. For example, what penalty would fall on an NHS hospital trust that employed a chef who did not have leave to remain? Clearly that will be one of the practical effects of the legislation. We know that the NHS—it is probably the best example—is the biggest employer of immigrant labour in this country. The amendments seem to be designed, and rightly so, to catch private sector employers who are breaking the law. However, there is ambiguity about how the provisions affect the public sector, particularly that part of it which is undifferentiated. Will this be at trust level or at general NHS level? *[Interruption.]* I am grateful to the Minister for his desire to intervene.

Mr. Deputy Speaker: Order. Before the Minister intervenes, I must say that none of the amendments relates to the public sector.

Mr. McNulty: I am not sure whether to continue with my intervention or to begin it again.

The law in this instance, in this set of amendments and in this area generally relates to employers, period. There is no differentiation or distinction under the law.

Damian Green: I believe that to be the case. I apologise if I was misinterpreting the amendments. My understanding was the same as the Minister's, which is that they apply to employers whether in the public or the private sector. I assume that the Minister is saying that the effect on private and public sector employers will be the same.

I shall ask the Minister a specific question about the NHS. It seems that people can be employees of a hospital trust or of a primary care trust, but within that there is some genuine ambiguity about what will be the relevant authority.

Keith Vaz: The hon. Gentleman makes an important point about the number of changes to immigration law that have affected employers over the past few years. Does he agree that it is incumbent upon the Government to make employers aware of these changes? I know that the Minister has talked about the various seminars that he has attended on the changes being proposed to managed migration. It is important that employers, particularly small businesses, are made aware of what is happening. The penalties are extremely severe.

Damian Green: The hon. Gentleman is right. Like him, I have had meetings with trade groups, particularly from the restaurant trade, who make the point that many of their members feel remote from legislation and find it difficult to access information. They are therefore vulnerable when legislation is changed and the changes have a serious effect on their business. If the Minister is saying that there is no possible ambiguity I welcome his reassurance. However, perhaps we should deal with the matter privately in correspondence, as I believe that ambiguities remain in the Lords amendments.

John Bercow: The fact that the Lords amendments are silent about sectors does not in itself make them unclear or unintelligible, but does my hon. Friend agree that the hon. Member for Leicester, East (Keith Vaz) made a good point about the need to provide clarity for businesses, particularly small and medium-sized enterprises? The onus is on Ministers, not to ask companies to come to a seminar—frankly a small business does not have the time to attend seminars—but to ensure that a pithy and distilled summary is sent at Government expense to employers who want to comply but may not know how to.

Damian Green: That is right. Clearly, there are problems that affect small businesses in the private sector, especially those run by members of ethnic minority populations, so the Government have a significant duty to act. I am concerned that there is a dichotomy between the way in which the private and public sectors are affected by the Lords amendments. I hope that the Minister will try to reassure me that there is absolutely no difference and that there is no ambiguity in the Bill's provision as they affect parts of the public sector.

Keith Vaz: Briefly, may I reinforce the point made by the hon. Members for Buckingham (John Bercow) and

[Keith Vaz]

for Ashford (Damian Green)? I appreciate the enormous amount of time and effort that the Minister devotes to these matters. He works assiduously on behalf of his constituency, and he is known throughout the wider Asian community as a champion of the ethnic minorities community, so that record makes it easier for him to introduce tough legislation on immigration.

I urge the Government, however, to take enormous care with the Bill's provisions, as there have been huge changes in immigration law in the nine years in which they have been in office. The House understands why they have decided to introduce those changes. The problem is partly inherited, but it is also caused by the huge number of people who have come to the country in the past 10 years or so seeking asylum, and by the large number of cases that have been turned down.

Enforcement is an issue, too. I have many ethnic minority businesses in my constituency, as do the Minister and other hon. Members, and genuine employers are under enormous pressure. As the hon. Member for Buckingham said, although we welcome the seminars and discussions offered by the Minister, employers find it difficult to find the time to attend those meetings. I fully support the proposal to issue a clear document to those businesses precisely to explain the changes in the law, so that there is no concern on their part that they may be acting unlawfully. They do not have time to attend seminars, or the resources to employ solicitors. I declare an interest, because my wife is an immigration solicitor—although I am not touting for business on her behalf. It is an expensive business, and it is the duty of the Government to ensure that the information is provided to such employers. I hope very much that that can be done.

I remember that when he was Minister for Europe, the present Secretary of State for Northern Ireland said that he could reduce the whole of the European constitution to, I think, 50 words. I do not know how, but if he could do that with the European constitution, the Government could make a real effort so that employers understand the enormous changes that will occur as a result of the Bill.

Mr. Deputy Speaker: Order. I was anxious not to cut off the hon. Member for Leicester, East (Keith Vaz) in mid-speech, but this is not intended to be a general debate on clauses 15 to 26. It is about six specific Lords amendments. Also, when we have a timed motion before us, as we have now, there is a temptation and a tendency to stroll through the early amendments, and then we find the House galloping frantically towards the end. I hope that that will not happen to us today.

Mr. Heath: I particularly welcome your comments, Mr. Deputy Speaker, as there is a risk of our not reaching some important business. We had a useful diversion into the dissemination of information to businesses, which is extremely important but is not the matter before us. If businesses are not sure of the law, that will act as a deterrent to the employment of people whose immigration status is unclear in the mind of an employer.

The Minister invited us to accept his assurance that the amendments were technical. I have not the slightest intention of accepting an assurance from the Minister that amendments are ever technical. What I am prepared to do is look at the amendments and take a view. My view is that the amendments are technical, and welcome.

Mr. McNulty *rose—*

Mr. Deputy Speaker: Order. I have been calling the Minister routinely, but as we are dealing with Lords amendments, he will need the leave of the House if he wishes to respond. There is no automatic need for him to respond.

Mr. McNulty: With the leave of the House, and at the risk of challenging the Deputy Speaker's exhortation, I shall respond to a couple of points. First, there is no ambiguity. I want to make that clear. The provision is about the legal contract between employer and employee. There is no distinction between public and private employers. Secondly, I take the points that hon. Members have made and plans will be put in place. When changing the law, it is incumbent on Government to make sure that information is disseminated throughout the sectors affected, even those that are hard to get at, such as small businesses generally and those in the ethnic community specifically.

I am firmly convinced that at some stage in the very near future, there will be time for a consolidated asylum and immigration miscellaneous provisions Bill, but now is not the time. I commend the Lords amendments.

Lords amendment agreed to.

Lords amendments Nos. 12 to 16 agreed to.

Clause 34

OFFENCE

Lords amendment: No. 17.

Mr. McNulty: I beg to move, That this House agrees with the Lords in the said amendment.

The House will be happy to know that again, the Government accept the Lords amendment. Again—although I advise Members to check for themselves—it is a minor and technical amendment, which clarifies the nature of an offence when a person in Scotland refuses to comply with English or Welsh police information requested under e-borders. That is entirely routine and simply tidies up the provisions and takes account of the Scottish dimension. I apologise, Mr. Deputy Speaker, if that was a stroll.

Lords amendment agreed to.

Clause 43

ACCOMMODATION

Lords amendment: No. 18.

Mr. Gerrard: I beg to move amendment (a) to the Lords amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss amendment (b) to the Lords amendment.

Mr. Gerrard: There has been a misunderstanding about Lords amendment No. 18 and section 4 of the Immigration and Asylum Act 1999. To make it clear what we are talking about, I remind hon. Members that section 4 of the 1999 Act applies to people who have had their asylum claims refused, who have lost their appeals, who have reached the end of the process and who have agreed that they will leave the UK when it is possible for them to do so, which is a condition of receiving support under section 4. In some cases, people have signed up to say that they will leave the UK when it is possible for them to do so, not because they really want to leave, but because that is the only way in which they can get any support. Nevertheless, the vast majority of people covered by section 4 are receiving support because the Home Office accepts that it is not possible to return them to their countries of origin at this time.

4.15 pm

Last year, the number of people covered by section 4 rose to 7,000. Many of them were failed asylum seekers from northern Iraq, but there were also significant numbers of people who were originally from Zimbabwe and whom it was impossible to remove for obvious reasons—other countries that were heavily represented include Democratic Republic of the Congo and Somalia. Although the Home Office would say that people covered by section 4 are about to leave the United Kingdom, the reality is that people are and will be on section 4 for significant periods of time, so the provision is not necessarily just for a week or two.

The Lords amendment and my amendment to it address the issue of vouchers. Some of the discussion has not been clear, and some people outside this House have not realised that people who are covered by section 4 now are getting support in vouchers. Section 4 allows for accommodation and food, and if people are getting food that is not provided in their living accommodation, then they are getting it through vouchers. The Home Office accepts that that system has not been working satisfactorily—we debated that point in Committee—because it does not cover people's other essential needs.

I have seen people who were on section 4 and who could not get on the bus to see their solicitor, because they did not have any money or a voucher to allow them to travel on the bus. Other people have been issued with vouchers that can be used only at a particular supermarket that is two or three miles away from where they live, and they have no way to get there other than walking. The Lords amendment seeks to address some of those points, and there is no doubt that it would improve the current situation, because it provides vouchers that can be exchanged for goods and services as well as for accommodation and food. Will the Minister clarify whether, for example, bus passes will be included among those goods and services to allow people to travel?

We know that there are fundamental problems with voucher systems from our experience when all asylum seekers were expected to use vouchers. Expense is one such issue, because it is more expensive to distribute vouchers than money. Furthermore, vouchers ended up being sold for cash under the old system, and they often cannot be used in the most convenient places and cannot necessarily be used in the cheapest places. If I were looking to buy cheap food in the area of London that I represent, I would not go to the supermarket. I would go to Walthamstow market, especially towards the end of the day when the traders are trying to get rid of stuff cheap before the market closes. That would be much cheaper than going to the supermarket, but people who live on vouchers do not have that option.

The fundamental objection to vouchers is simple. The people involved may be failed asylum seekers, who are being supported until such time as they are expected to leave the country, but they are still human beings. We should therefore think about the simple issue of human dignity. Having to survive on vouchers is stigmatising and humiliating. I suppose that none of us has ever had that experience, but we should try to imagine what it would be like to try to exist for even a day or two without any cash—without a penny to buy a drink or newspaper. It must be humiliating to live like that for weeks and months on end.

I welcome the fact that the Government have responded positively to some of the problems that were identified in section 4 when it meant that people could get only accommodation and food. Amendment No. 18 includes the power for the Secretary of State to make regulations to allow vouchers to be exchanged for goods and services, and I hope that that will include travel. The amendment specifically forbids a regulation to be made that allows people to be supplied with money. The effect of amendment (a) would be to remove the word "not" in that provision. It is a modest amendment. I would prefer it if vouchers were removed entirely, but my amendment would not force the Government to give out cash, but allow them the option to do so.

I do not understand why the Government will resist my amendment. What will happen if amendment No. 18 is not amended and it then turns out that it is not possible to meet all people's needs through vouchers? The National Asylum Support Service says—as it did about section 4—that it will not work. If the Government wished to make a change to the system because it was not working, they would need more primary legislation. However, if the Government accept amendment (a) they would have the option. It would provide the flexibility to make changes through secondary legislation without having to resort to more primary legislation. The amendment would not do away with vouchers or force the Government to give out cash.

In a later amendment, the Government have accepted a similar argument in relation to section 9 of the 2004 Act. That amendment will give the power to introduce secondary legislation to repeal section 9. That is obviously intended to be used if it becomes apparent that section 9 is not working. I would therefore argue that my amendment's impact on section 4 would be exactly the same.

When we discussed this in Committee, the Minister said:

> "I do not know if we can address the matter in the Bill, as it is more about practicalities than any point of statutory substance or import, but I am happy to consider it further."—[*Official Report, Standing Committee E*, 26 October 2005; c. 234.]

I would suggest that my amendment is very practical and straightforward, and I do not understand why it should be resisted. It would not remove from the Government the option of doing what they intend, but would make it possible to move away from vouchers, which is what some of us would ideally like.

[Mr. Gerrard]

An early-day motion on this issue has been signed by 55 hon. Members, including 27 Labour Members. I suspect that there is no chance of the parliamentary arithmetic being with us on this amendment. However, I hope that the Government will give my proposal serious consideration, because it offers a way of dealing with some of the criticisms of section 4 and of the Lords amendment, but leaves them with the flexibility to change in future if necessary.

Mr. Deputy Speaker: I call Mr. David Heath.

Mr. Heath: Do you mean me, Sir?

Mr. Deputy Speaker: You are Mr. David Heath?

Mr. Heath: I am sorry, but I did not hear whether you said my name or Mr. Green's.

Mr. Deputy Speaker: It is a bit difficult for the Chair to decide who to call if everybody who wants to address the House does not stand quickly. I call Mr. Damian Green.

Damian Green: I am grateful, Mr. Deputy Speaker. I wish to speak principally to amendment (b), which stands in my name and that of my hon. Friend the Member for Lichfield (Michael Fabricant), but I also wish to comment on the arguments of the hon. Member for Walthamstow (Mr. Gerrard).

As our amendment is carefully modelled on amendment No. 6, which has been agreed between the two Front Benches in another place, I have high hopes that the Minister will accept it. He will agree that the argument over vouchers is a delicate one. I have been following his correspondence in various newspapers with those who are flatly against his scheme and his argument that it will not make much difference and will not be a voucher scheme. He has clearly failed to convince the hon. Member for Walthamstow, among others. I am sure that the House will be waiting to hear how he deals with that issue.

Although I do not agree with all the arguments of the hon. Member for Walthamstow, he raises valid points, particularly as regards people from Zimbabwe, who are in a very difficult situation. The Government, rightly, do not wish to return them to Zimbabwe even if they have failed in their application for asylum. That gives rise to practical problems as to how they are to continue living in a decent and civilised way in this country.

One of the questions that the Government have not answered adequately concerns the cost of such a voucher scheme. They have tried voucher schemes before and scrapped them before. A previous Home Secretary conceded that the voucher scheme that operated previously, was unworkable and unfair. Having come to that conclusion once, it is incumbent on the Minister to explain why the current scheme is going to be workable and fair and, while he does so, what, in broad terms, he thinks that the costs will be.

That question may be impossible to answer because the Government have no idea of how long many people will be forced to wait until they can be returned to their own country. As the hon. Member for Walthamstow pointed out, the phrase, "about to leave", is a term of art that appears to cover not just days or weeks but in some cases months and years. Clearly, a system designed to cope with the needs of those who may be here for a few weeks will not serve those who might be here for years. The hon. Member for Walthamstow and the Refugee Council have made that point, which is central to the argument.

4.30 pm

Nevertheless, I should make it clear that Conservative Members have no objection in principle to vouchers, provided that the system is workable and fair. However, we recognise the possibility of inefficiency and waste, which may lead to hardship for some vulnerable people. We have tabled amendment (b) to Lords amendment No. 18 in the hope that it gives the Government a decent escape route, not least from the criticism that the Minister is receiving from Labour Members. I am sure that he sincerely believes that the voucher system will not cause the unfairness and hardship that some Labour Members claim, so the Government should, at the very least, enable Parliament to receive a full report on its working in three years.

If the Minister will listen, I am about to praise him. A few moments ago, he made a sensible comment about parliamentary scrutiny and using the Bill to enhance Parliament's ability to revisit legislation that it has passed. He was right to say that the lack of that ability is a common failing of our legislation. That is why amendment (b) tries to give hon. Members the opportunity to debate whether the new system causes genuine hardship and to have the Government justify their actions if they need justification. The terms of the amendment allow that to happen earlier if there is an immediate crisis or if the Government want a convenient vehicle to enable them to change the policy.

Even if the scheme proves perfectly practical and the Government want to continue with it, the requirement to report back on its day-to-day workings will act as a spur to Ministers to check what is happening. The Minister knows that many bodies that object to that sort of scheme concentrate precisely on which shops can take the vouchers and the range of goods to which they apply. The nitty-gritty, day-to-day details will make the difference in some cases between fairness and unfairness and hardship and lack of hardship.

I agree with the Minister that reporting back on the scheme is important. I hope, therefore, that he will accept the amendment in the constructive spirit in which it is offered. The long-term solution is not to have a system that keeps thousands of people in limbo for years. Since that happy prospect is many years away, I commend amendment (b) to the House, as a modest improvement to managing the current failing system, and I hope that it will satisfy hon. Members from all sides of the debate.

Keith Vaz: I commend the passionate and articulate speech of my hon. Friend the Member for Walthamstow (Mr. Gerrard), who has spent many years considering the relevant issues. Few of us have as much experience as he. The way in which he presented the argument was correct.

The amendment is about the practical implications of the scheme. I am against the voucher scheme and I commend the trade unions who fought so hard to get the Government to reverse their decision to reintroduce vouchers. We did not need to reintroduce them, but they are there. The Government will not be pilloried in the *Daily Mail*, *The Mail on Sunday* or *The Sun* if they give in on the point. That is sometimes a consideration for those in government, though happily not the Minister.

Amendment (a) will cover the practical complaints that have been made to me in my surgery by many hundreds of people who provide anecdotal evidence of what they face when they use the vouchers. I have never been in a supermarket queue when someone has had to produce those vouchers—indeed, I have never seen one. However, like other hon. Members, I hear every Friday about the practical difficulties that people face. Treating people as human beings, with dignity, is important, especially given the current climate.

I appear on a website that states that I am a Member of Parliament who hardly ever rebels and that I am a serial loyalist. However, I shall support my hon. Friend the Member for Walthamstow if he presses amendment (a) to a Division and, if he does not, any party that wishes to do that. In all conscience, it is the right thing to do.

Mr. Heath: I, too, welcome the speech made by the hon. Member for Walthamstow (Mr. Gerrard), which he pitched exactly right. Lords amendment No. 18, which forms the basis for this group of amendments, is a welcome move. It extends the provision of support and, in normal circumstances, we would be hanging out the flags for that reason. Unfortunately, however, the provision is flawed by the decision to offer that support only through the voucher system. We know what vouchers do; we have gone through all that already.

The Government have made it clear that the voucher system, when used for a large number of people, was ineffective and uneconomic and, more importantly, that it had a serious effect on the recipients in terms not only of the range of opportunities that it offered for buying goods and services but of the stigmatising effect that it had on the individuals presenting the vouchers in a local shop or business. That presents considerable dangers for community relations, because it clearly labels people—

Mr. McNulty: It exists now.

Mr. Heath: Yes, and we are against it existing now, but it does. I have not said, as some have done, that this provision would be a reintroduction of the system. We know that it is not a reintroduction but an extension. However, we now have the opportunity to provide a better route for the growing number of people who are in this position. I accept the contention that they will be leaving the country after a short period, but the practical fact is that sometimes they do not. We have to accept that they are often stuck here for a considerable amount of time, for reasons beyond their or the Government's control.

I am struck by the modesty of the proposal of the hon. Member for Walthamstow, to which my hon. Friends and I are happy to put our names. It would not require the Minister to move to a cash system; it would simply give him the opportunity to do so. The alternative amendment tabled by the hon. Member for Ashford (Damian Green) would provide some benefit in that it would allow the situation to be monitored and reported on, but it would not provide a vehicle for the Government to change their mind in the face of the evidence that had been collected. There would be no primary legislative ability in the Act to enable the provision of cash rather than vouchers—indeed, that is specifically prohibited by the Bill. If the hon. Member for Ashford feels that his amendment is sensible, in that it gives the Government the ability to reflect on the performance of the scheme, he should logically also support amendment (a), which would give the Minister the capacity in primary legislation to correct any error in order to meet the requirements.

I hope that the hon. Member for Walthamstow will press his amendment to a Division, because this is an important issue of principle on which the House should have a voice. If he does not wish to do so, Mr. Deputy Speaker, may I make it clear that we do? We shall object to any proposal to withdraw the amendment and we shall seek the opinion of the House on this matter, because it is a matter of principle. It relates to how we should deal effectively and humanely with people who are in our care in this country, and this is not an argument that we should run away from.

John Bercow: The speech of the hon. Member for Walthamstow (Mr. Gerrard) was inspired by compassion and delivered with eloquence. I do not want to embarrass him unduly, but this is one of those occasions on which people can come together, because we are agreed on the principle at stake. I, too, in common with the hon. Member for Somerton and Frome (Mr. Heath), hope that the hon. Member for Walthamstow will press his amendment to a Division, and if he or others do, I am strongly minded to support it.

Let us be clear. As the Minister who is engaged in the public debate well knows and has already acknowledged, vouchers are not new. They are not only not new in the sense that they have applied to a certain category, section 4 recipients—failed asylum seekers—since April 2005—they are not new in another sense, in that, as he will acknowledge, they have applied before. I believe and, in fairness, the Minister believes—I raise these issues in a positive spirit—that the Government were right to remove vouchers across the piece in 2002. It is relevant to the public debate to recall what was said at that time, by the then Home Secretary, the right hon. Member for Sheffield, Brightside (Mr. Blunkett). Announcing the intention to remove vouchers for asylum seekers more generally, he said that those vouchers were

"too slow, vulnerable to fraud, and felt to be unfair".—[*Official Report*, 29 October 2001; Vol. 373, c. 627.]

He was right.

Yes, the debate has moved on since then, and the Government have decided, for reasons that I think are scarcely intelligible let alone defensible, that voucher provisions should apply to a very limited category of persons—the section 4 cases, people whose applications for asylum have failed and who are destined eventually to go back to the countries from which they have come.

[John Bercow]

They are not going back at this stage, because there is an impediment to them doing so—it would not be safe for them to travel. That might be because the country to which they would have to return is unsafe and they would be at risk of imprisonment, torture, death or a grisly combination of all three, or it might be that they cannot travel for the more prosaic but equally important reason that they are unwell or, in the case of a woman, pregnant.

In those circumstances, it is true that for virtually a year now those people have received voucher support to the tune of £35 a week. We all know the cases of people who have been affected. My anxiety about what the Government are doing is that it seems to me that Ministers are unnecessarily closing down the options. I am always ready to joust with the Minister of State, as he knows, and to listen to the points that he makes, but I have not yet heard a persuasive argument. I found the case made by the hon. Member for Walthamstow and the Refugee Council compelling.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I welcome the hon. Gentleman's speech. He is becoming increasing liberal on these issues, which is good. May I urge him to have a word with his right hon. Friend the Member for Witney (Mr. Cameron), because surely this is the sort of issue on which all the Opposition parties should be encouraging the Government to change their position if we are really to have a Conservative party that has changed and to put the maximum pressure on the Government?

John Bercow: The hon. Gentleman is being unduly cheeky at this hour of the day. Rome was not built in a day. I yield to none in my admiration for the scale of the transformation of the Conservative and Unionist party that has already been brought about, in a very short time, by my right hon. Friend the Member for Witney (Mr. Cameron). If the hon. Gentleman seeks to egg me on, he must be mindful that he will be tempting me to stray from the disciplines of order. I would incur your wrath, or at any rate your furrowed brow, Mr. Deputy Speaker, and I am not minded to do so, even when tempted so sedulously by the hon. Gentleman.

I have three simple concerns. First, to cut to the chase, the hon. Member for Walthamstow is right that the use of vouchers has a stigmatising effect. To try to decide whether we think that that argument is correct, let us for a moment imagine ourselves, as the hon. Member for Leicester, East (Keith Vaz) did, in the position of someone using the voucher, standing in a queue in Tesco. If hon. Members ask me whether I have seen that myself in Tesco in Buckingham, I admit that I have not. I am conscious, however, that there will be right hon. and hon. Members throughout the House who have witnessed it.

I do not want to be discourteous, but, with great respect to the hon. Member for Birmingham, Perry Barr (Mr. Mahmood), it is a very serious point. For those people in those queues, experiencing stigmatisation, feeling embarrassed and anxious and finding themselves on the receiving end of hostility, it is not a laughing matter. They are waiting to pay for goods. Use of the voucher can lead to delay and, not surprisingly, that causes irritation among other people who are waiting. What could send a more obvious signal that someone is different than the fact that, unlike everyone else who is paying by cash or card, the failed asylum seeker is having to use a voucher?

4.45 pm

That is very unfortunate and undesirable. Whether it actually constitutes a breach of human rights is, I accept, arguable. What I would say to the Minister is that it is a very notable and unnecessary unkindness and it reflects a meanness of spirit that is unworthy of the Government. Although the Minister of State has long been determined to prove himself the Labour party's answer to my noble Friend Lord Tebbit of Chingford, the truth is that on these issues he is a humanitarian. I do not want to embarrass him—I know that he is always embarrassed when he is complimented by a Conservative Member—but at heart he is a humanitarian on these issues. He has championed the cause of fairness in immigration and asylum policy over a long period. Although I think that there are serious weaknesses in aspects of government policy, he is not fundamentally a bad guy on these issues, and I ask him to think about those individuals in that queue.

There is a related point affecting someone with a voucher in the queue. In the operation of the vouchers to date, there has been ambiguity over what the voucher can purchase. If the Minister can assure me that that will not be so in the future, I shall be delighted, but I shall want firm guarantees and explicit details. In many cases, in given stores it has fallen to the check-out assistant to judge whether the voucher can be used to purchase, for example, nappies. My view—and I hope that I command assent for this proposition in all parts of the House—is that it is unfair on both the failed asylum seeker and the check-out assistant for that situation to arise.

In so far as the Government have said that they want to introduce greater flexibility, recognise the need for additional support and can see that the operation of the system over the past 11 months has contained flaws, I welcome that, but I want to know what particular commitments they will make. It is wrong that someone using vouchers who is on section 4 support should have to make the invidious choice whether to use a voucher for travel—if that opportunity will exist—or for purchasing food. We need to be sure that the vouchers will be sufficiently flexible and adequately generous to allow for all the necessities of life on which those people, no less than ourselves, depend.

Stewart Hosie (Dundee, East) (SNP): The hon. Gentleman says that, if the vouchers are the only method of obtaining goods or services, they should be required to be sufficiently flexible. However, they cannot be sufficiently flexible to be used, for instance, in a coin-operated machine in a launderette. The amendment tabled by the hon. Member for Walthamstow (Mr. Gerrard), which simply allows cash to be given in certain circumstances, would deal with that purely practical problem.

John Bercow: The hon. Gentleman is right. I was trying to be as fair to the Government as possible, but I agree with the purport of the amendment, as I said at the

outset. Cash should be an option. As he will know and others can testify, a further weakness of the system is that it is not possible—consistent with the principle of not allowing failed asylum seekers to have cash—to obtain change for them. That means, to be blunt, that the failed asylum seeker, who is often poor to the point of destitution, is literally and calculatedly short-changed by the existing system. Moreover, although I am happy to champion the cause of legitimate capitalist enterprise, I see no reason whatsoever why a big or store—or even, for that matter, a small one—should effectively profiteer at the expense of a failed asylum seeker who has scarcely two brass farthings, to employ the old-fashioned expression, to rub together.

I want to conclude on the very practical point that the Government have often raised. Ministers have said, "Well, we've got to be clear about this. Yes, people need to be supported, but on the other hand we cannot allow scope for a pull factor that will draw people to this country." The suggestion from Ministers—not, in my view, evidence-based—has been that the ability to use cash in this context would constitute a pull factor. My response is as follows. First, in 2000 and 2001, when the Government used the previous vouchers, applications actually went up, so the notion that the use of vouchers is itself a deterrent factor likely to conduce to a reduction in applications is not supported by the empirical evidence acquired to date.

Secondly, by virtue of the section 4 criteria themselves, it simply cannot be true that possessing cash constitutes a pull factor bringing people here. It has already been decided of people in receipt of section 4 support that they are unsuccessful applicants, and they have accepted the reality that they will have to return to their country of origin in due course. The notion that having cash can cause them to stay, and that the absence of cash would prevent that eventuality, seems logically flawed.

I say to Ministers and colleagues in a constructive spirit that we have a view from another quarter on this subject in the 2000 report by the United Nations High Commissioner for Refugees. On the pull factor, the high commissioner has declared, on the record, that in deciding whether to come here as asylum applicants, people are more likely to be swayed by the presence of their own communities than by reception conditions or benefits. The Minister said earlier from a sedentary position—I am being very fair, because by mentioning his sedentary I am making it more audible than it would otherwise have been—that the high commissioner was talking about the old vouchers. If, when the Minister winds up, he can provide a compelling thesis in support of his policy, I will be happy to be influenced by it. I have not seen anything so far from the Government to suggest that that is very likely. He knows that I agree with other aspects of Government immigration policy, a good deal of which is thoroughly sensible and measured and in the national interest. So far, this measure has not been well crafted. I much prefer retaining flexibility and I applaud the noble spirit behind the amendment of the hon. Member for Walthamstow and the very welcome remarks of the hon. Member for Somerton and Frome (Mr. Heath).

James Brokenshire (Hornchurch) (Con): It is always a pleasure to follow my hon. Friend the Member for Buckingham (John Bercow), although I hope to be much briefer than he was to allow the Minister time to conclude this part of the debate.

Members made important comments on the stigma that can attach to asylum seekers in the operation of a voucher scheme. My hon. Friend said that vouchers are vulnerable to fraud. That comment struck me, because if vouchers are vulnerable to fraud, cash is even more vulnerable. Indeed, asylum seekers dealt with under section 4 of the Immigration and Asylum Act 1999, if they are in possession of cash, could become even more vulnerable. They could be preyed on by those who are aware that they have cash and who might seek to exploit that situation. In addition, this is an emotive and sensitive matter, as cash payments could be exploited by those wanting to stir up and magnify racist feelings in this country.

A balance has to be struck in respect of the scheme's operational practicalities. I think that it is right to keep cash out of the scheme, but the review of its operation should determine whether the anomalies pointed out by hon. Members of all parties arise. That is why I support amendment (b) to Lords amendment No. 18, tabled by my hon. Friend the Member for Ashford (Damian Green), and not amendment (a).

Mr. McNulty: Whether or not I agree with them, there have been some excellent contributions to the debate. With due respect to the last speaker, I shall deal with the comments made by the grown-ups. What he said was not helpful and without substance one way or the other.

I shall begin by clearing up a couple of canards. It is not true that some people covered by section 4 would be tortured if they were returned home. By definition, they are failed asylum seekers and, whatever the reasons for their removal, there is no reason to fear that they would suffer torture or any other mistreatment specified by the refugee convention. The hon. Member for Buckingham (John Bercow) mentioned that there might be difficulties with the safety of the removal process, among other things, and I accept that. In addition, I agree with my hon. Friend the Member for Walthamstow (Mr. Gerrard) that problems may arise in connection with people who suffer under section 4 for a long period of time. Initially, section 4 was designed to cover people pending removal and to apply for a day, a month or some other period, but the details of that provision are not germane to this debate.

There has been a good deal of background noise to this discussion. It is fundamentally wrong to conduct a disingenuous debate about the reintroduction of vouchers, and bodies such as Oxfam, the T and G union and the Refugee Council should know better, as that is not what the Government propose. I concur 100 per cent. with the reasons behind the decision some years ago by my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) to get rid of the universal use of vouchers by all asylum seekers. That matter belongs to an entirely different debate. The Government believe that the cash-based regime applicable to all people going through the asylum process should be distinct from the process endured by those receiving section 4 support, as such people have exhausted all the legal processes, including appeals, and have no right to remain in this country.

[Mr. McNulty]

The starting point is that vouchers have always been a feature of the support for people covered by section 4, but we should go back to first principles. Where possible, section 4 support consists of the provision of full board and accommodation. It is not true that the people involved get a mere pittance in vouchers, and no more. The hon. Member for Buckingham suggested that destitution awaited them otherwise, but that is not the reality. The fact is that, when people covered by section 4 cannot get full board and accommodation where they are located, the difference is made up by means of vouchers.

As my hon. Friend the Member for Walthamstow said, the law provides for vouchers to be given in lieu of full support and accommodation only when that entitlement cannot be provided. The vouchers also cover the bare essentials when it comes to toiletries, but that is not enough. I come bearing gifts, albeit perhaps only in one hand rather than both, recognising those points and extending the system in response to the serious concerns expressed. We are broadening the system to provide things in kind, which are not currently allowed under the regulation, such as the bus pass to get to an urgent medical appointment, to which my hon. Friend referred, and broader goods and services.

5 pm

Concern has been expressed that the narrow definition of food and essential toiletries could be extended to cover everything possible. The definition will be made clearer in regulations, but it will certainly cover nappies and other essential goods for new mothers, where there has been confusion, about which a fair point was made. However, apart from that specific context, it is wrong to apply the worst elements of the previous universal voucher system to these proposals. That is absolutely wrong. Those who provide section 4 support give vouchers as part of their contract when they cannot provide full board and accommodation, so there is no further cost—to answer the point made by the hon. Member for Ashford (Damian Green). To ask for regular reports on costs and on what constitute wider goods and services is entirely redundant. The asylum statistics already include quarterly reports on costs and numbers, so all the elements under amendment (b) that he set out so eloquently are utterly unnecessary; they are already being done or are about to be done. Amendment (b) is unnecessary.

We think that the current position under section 4 is about right in terms of expanding and broadening support. By the way, it is not the case that thousands of people are languishing under section 4 support. Many of those who have returned voluntarily—principally, as my hon. Friend the Member for Walthamstow suggested, to northern Iraq—were on section 4. About 700 northern Iraqis have already left the UK under the voluntary return scheme. I could not swear for every one of them, but the core of them were under section 4, so it is wrong to say that section 4 support locks people in limbo and that they cannot go anywhere, in any way, shape or form, and that they live in penury and destitution. I do not pretend that the regime under which they live is terribly pleasant—it is meant to be temporary, although I take the point about longevity. Although we accept the Lords amendments, we understand the limitations due to the narrow focus of the current regulations.

I do not take my hon. Friend the Member for Walthamstow's point, as suggested in his amendment, that we may have the option to take the cash route under section 4. We do not think that is appropriate, because we want the narrow, narrow cohort of failed asylum seekers to be controlled and managed under the existing regime. Yes, we want to broaden the scheme, not least to take into account his comments about the need for proper support, but amendment (a) goes too far.

Due to the limitations of the regime that has been in place since April, I commend to the House the broadening of support to cover things in kind and goods and services, as defined in regulation. I assure the House, and certainly my hon. Friends, that that will cover things such as bus passes for serious and necessary appointments and all the points made about lack of definition such as where essential toiletries finish and other elements begin. However, for the robustness and integrity of the system, it is right and proper that people on section 4 support, who have exhausted all avenues and have no substantive legal right to remain in the country, should, as a prelude to their departure, be on a different regime to those who are still going through the system. The new targeted contracts, under the National Asylum Support Service, will afford people support and dignity while the section 4 regime prevails and we concentrate more on their removal.

John Bercow: I welcome the broadening of support, but still feel that the rather arbitrary prohibition—for that is what it is—on the use of cash is unnecessarily restrictive. Will the Minister explain precisely how the use of such a small sum of cash could constitute a pull factor?

Mr. McNulty: The hon. Gentleman will know that I have been very careful in my words and I have not discussed pull factors in the context of the Lords amendment. I would turn things around to say that it is desirable for our asylum system to have a distinct regime of support for those who have exhausted all the elements—appeal, legal process and everything else—and are ready to go at whatever stage of readiness, as hon. Members have suggested. We do not demur from the fact that there must be such support—in a past life, not the hon. Gentleman, but the Conservative party would have demurred even from that—but it must be right that the preparation for departure and removal involves a different regime from that used for those who are still going through the system. That was the substance of the objection to vouchers for everyone that my right hon. Friend the Home Secretary so rightly got rid of in the terms that were suggested. We think that the regimes should be different.

I am not convinced that adding cash beyond the extension of support that we are already offering goes any further to provide the support that section 4 applicants need while they are waiting between the exhaustion of all their appeals and their departure. I repeat that the starting premise is that, where possible under the NASS contracts, they get full board and accommodation. Some hon. Members—not the hon.

Member for Buckingham or my hon. Friend the Member for Walthamstow—have suggested that those people somehow start in penury and destitution and that, as a sign of good will, we should give them a few bob and a voucher. That is not the case. A proper, comprehensive support mechanism is in place, as there should be, for those individuals. It is not their fault that, for whatever reason, they have exhausted the application process and no longer have legal rights to remain, but they must go and they should not be in penury just because of that. We suggest that such support, added to by vouchers where full board and accommodation cannot be provided, is far too narrow.

John McDonnell (Hayes and Harlington) (Lab): I want to place on record the fact that many hon. Members on both sides of the House are concerned. We understand the Government's argument. We understand the way that the Minister has handled the issue and the concessions that have been made and we are grateful to the Government for them. The Minister has taken a thoughtful approach, but we are concerned about why the Government are closing down the option at this stage. To be honest, most of us have found from our surgeries that the minor things display dignity or the lack of dignity and humanity or the lack of humanity: the child who cannot take in 50p for the school trip, or the parent who cannot buy their child a cup of tea when they are out shopping, because they have not got the cash. Such things will not be covered by vouchers and the other means of support. I realise that the system may apply for a limited period before people leave the country, but we cannot understand the Government's attempt to end that expression of humanity to those people and not to offer them that opportunity.

Mr. McNulty: Again, I would reverse the argument. Under the NASS contracts, a substantive package of support is provided to those who find that they require section 4 support. Such support is supposed to be all-embracing—and to the extent that it can be, it is—for the duration of the time before people depart. The fact that that cannot always be so led to vouchers and some additional support for food or essential toiletries. Given not least the remarks made in Committee by my hon. Friend the Member for Walthamstow, a range of issues have been raised about such support being far too narrow, even in the context of the broad package of support under section 4. That is why we have moved to providing support in kind, as well as by vouchers, with goods and services, rather than using the narrow definition of food and accommodation. That basket of support is available. That is right and proper. Equally, underlying that—

Dr. Evan Harris: Will the Minister give way?

Mr. McNulty: I will give way in a moment. It would be useful to let me finish the sentence.

Equally, underlying that, we are trying—again, this is outwith the Lords amendment—with the new targeted contracts to get far more direct contact with individuals on section 4 support and to get them involved in the NASS contracts. It is no longer simply the case that someone can be sent a letter in the hope that they will receive it so that they will know exactly what they need to do and in what circumstances. The whole contact management operation is getting far more sophisticated within NASS, but all those support mechanisms and contact processes relate to the departure and removal of people who have exhausted all their claims and no longer have a right or any legal locus to remain in this country. I will now give way to the hon. Gentleman—and do not make me regret it, please.

Dr. Harris: I fear that I cannot guarantee the Minister that. We all appreciate the concession that has been made, but the hon. Members for Buckingham (John Bercow) and for Hayes and Harlington (John McDonnell) were asking what the justification was for the Government to rule out cash. The Minister said that it was not about a pull factor, but in his letter to *The Guardian* and *The Times*, he said:

"Support for failed asylum seekers is limited and temporary to ensure that it does not act as an incentive to remain."

If he is not saying that that is his view, why is he ruling out cash full stop?

Mr. McNulty: The hon. Gentleman has half made me regret giving way, but his intervention gives me a chance to look at the letter again. The letter goes to exactly what I was saying. It is perfectly right and proper that there should be distinct support mechanisms for those applying for asylum in the normal fashion and for those who have exhausted every element of the processes, legal and otherwise, and have absolutely no legitimate right to be in this country. They will not be people who fear torture following removal, otherwise they would not have section 4 support. The regime can and should be—taking into account the points that I made about its temporary nature to my hon. Friend the Member for Walthamstow—distinct from the process that everyone else is going through in the normal fashion.

That goes to the heart of the criticism and dispute about everybody being on vouchers in the first place. That was seen as penalising people who were applying for asylum in the normal way, because of the ineffectiveness and impracticalities of vouchers. We accept that point and I do not demur one ounce or jot from the reason that my right hon. Friend the then Home Secretary suggested for moving away from vouchers in the first place. However, it is not enough to pick up one little bit of an overall package for those on section 4 support. That is the point. There is an overall package—it is not just the vouchers. That package is temporary and it is about a prelude to a removal. With the extensions to the support mechanisms, for the critical reasons that hon. Members have suggested, it is right and proper to expand that provision to support in kind in goods and services. That gives us a broader sweep in relation to the gaps where a full support package of full board and accommodation cannot be provided. In that context, we will be in a far happier position in relation to the support mechanisms put in place under section 4 if we accept the Lords amendment. I offer that to the House and commend it.

For the reasons that I have suggested, we will resist amendment (a), which extends the support to cash, and we will certainly dismiss, or resist—I have dismissed it already—amendment (b) from the Conservatives about the report and so on. In substance, all those elements are

[Mr. McNulty]

being carried out in various ways by accepting the Lords amendment and by our regular reporting on the asylum statistics.

The matter is very sensitive. I concur with what people said about the contribution of my hon. Friend the Member for Walthamstow. I was going to make a nice joke about Walthamstow market, but I will pass on that because we are too serious. I commend most of the other contributions, save that of the hon. Member for Hornchurch (James Brokenshire), who really should not have bothered, in what is a very serious debate. I commend the Lords amendment to the House and ask it to resist amendments (a) and (b).

Mr. Gerrard: I listened carefully to the Minister's reply, but I have to say that I do not understand his reasoning. I will withdraw the amendment purely on the grounds that I do not believe that parliamentary arithmetic suggests that it will be carried. I beg to ask leave to withdraw the amendment.

Hon. Members: No.

Question put, That the amendment to the Lords amendment be made:—

The House divided: Ayes 89, Noes 308.

Division No. 205] **[5.14 pm**

AYES

Abbott, Ms Diane
Alexander, Danny
Baker, Norman
Baldry, Tony
Barrett, John
Beith, rh Mr. Alan
Bercow, John
Bottomley, Peter
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clapham, Mr. Michael
Clegg, Mr. Nick
Cohen, Harry
Corbyn, Jeremy
Cruddas, Jon
Davey, Mr. Edward
Donaldson, Mr. Jeffrey M.
Drew, Mr. David
Farron, Tim
Featherstone, Lynne
Fisher, Mark
Foster, Mr. Don
Galloway, Mr. George
George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Hermon, Lady
Hoey, Kate
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jackson, Glenda
Jones, Lynne
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Lawe, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
McDonnell, John
Moore, Mr. Michael
Mudie, Mr. George
Mulholland, Greg
Öpik, Lembit
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Rogerson, Mr. Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Short, rh Clare
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, Sir Robert
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Thurso, John
Vaz, Keith
Webb, Steve
Weir, Mr. Mike
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wishart, Pete

Tellers for the Ayes:
Andrew Stunell and
Mr. Roger Williams

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Cheytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Fitzsimons, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy

Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Huston, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Iranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Mi[illegible] Anne
M[illegible] Laura
M[illegible]
M[illegible] Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Read, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, C[illegible]ine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, David
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Sammy
Winnick, Mr. David
Winterton, Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Ian Cawsey and
Mr. Frank Roy

Question accordingly negatived.

Lords amendment No. 18 agreed to [Special Entry].

Lords amendments Nos. 19 to 40 agreed to [One with Special Entry].

Natural Environment and Rural Communities Bill (Programme) (No. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme motions),

That the following provisions shall apply to the Natural Environment and Rural Communities Bill for the purpose of supplementing the Order of 6th June 2005 (Natural Environment and Rural Communities Bill (Programme)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion two hours after their commencement at this day's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Joan Ryan]*

Question agreed to.

Madam Deputy Speaker (Sylvia Heal): Order. Will hon. Members who are leaving the Chamber do so as quickly and quietly as possible?

Natural Environment and Rural Communities Bill

Lords amendments considered.

Madam Deputy Speaker (Sylvia Heal): I draw the House's attention to the fact that privilege is involved in Lords amendment No. 19. If the House agrees to the Lords amendment, I shall ensure that the appropriate entry is made in the Journal.

Clause 2

GENERAL PURPOSE

Lords amendment: No 1.

5.30 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jim Knight): I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this we may discuss Lords amendments Nos. 2, 3, 6, 19, 34 and 64.

Jim Knight: Before I speak to the first group of amendments, I would like to thank peers in the other place, particularly Baronesses Byford and Miller and my colleague, Lord Bach, for their hard work on the Bill since it left the House. They have continued to take a constructive and collaborative approach during the Bill's passage and it has been significantly improved through their scrutiny and hard work.

I am happy to accept all the Lords amendments today, as they were all Government amendments, and I look forward to Royal Assent shortly. That will pave the way for establishing Natural England later this year, with the benefits that that will bring, ending a period of uncertainty for the staff in the affected organisations.

Amendment No. 1 responds to issues raised in the other place and makes it clear that Natural England may work with local communities, both urban and rural, to secure social and economic benefits through management of the natural environment. Amendments Nos. 2 and 34 remove the powers of the Secretary of State to enable Natural England to use compulsory purchase powers to acquire land for experimental schemes as currently available to the Countryside Agency. We are convinced that this power and the similar power in clause 94 are not needed. Amendment No. 3 clarifies the circumstances in which it would be permissible for Natural England, with the consent of the Secretary of State, to charge for providing advice.

The other place debated at length the role that the Commission for Rural Communities should play in rural proofing, ending up with amendment No. 6 to clause 19(c). This makes explicit the CRC's role in monitoring progress against the Government's rural proofing commitment.

Mr. Philip Hollobone (Kettering) (Con): The Minister mentioned that the compulsory purchase powers did not need to be included in the Bill. Is that because he can access those powers through other legislation, or because he does not envisage compulsory purchase by the agency involved?

Jim Knight: The powers have never been used by the Countryside Agency. We have been convinced that it is not necessary for Natural England to take them forward.

Amendment No. 19 and the consequential amendments Nos. 34 and 64 add national park authorities to the list of authorities eligible for financial support under the Office of the Deputy Prime Minister's so-called Bellwin scheme for emergency assistance. Amendments No. 34 and 64, which is a minor consequential repeal of a word in the Local Government and Housing Act 1989, will remove this anomaly, in effect restoring the pre-1997 position in respect of the Bellwin scheme.

Mr. James Paice (South-East Cambridgeshire) (Con): I endorse the Minister's remarks about the work done in the other place. That is a first class example of the value of the other House, and the knowledge and diligence that peers apply to our legislative process. The Bill is considerably improved since it left this place, largely through the power of persuasion, rather than votes in the other place. That is good.

I am delighted that, as the Minister said, virtually every amendment that we are considering is a Government amendment. I am also delighted that almost all of them were tabled in response to arguments advanced by my noble Friends, and in many cases by my colleagues and me when the Bill was before this House. Perhaps with slightly less power of persuasion, or dare I say less power behind us, we were less successful here than in the other place, but I am grateful that the Minister and his noble Friend have agreed with them.

Amendment No. 1 is an example of the point that I made a moment ago. I argued strongly in Committee for Natural England to work closely with local businesses and communities. I am grateful to the Minister for

conceding the point. Amendment No. 1 is a sensible step forward. On compulsory purchase, my hon. Friend the Member for Hexham (Mr. Atkinson), whom I am pleased to see in his place, argued that it was not necessary. The Minister resisted, but I am delighted that he has conceded the point.

I will not go through all the amendments. Suffice to say that we believe that they are sensible changes to the legislation. Some of them are extremely minor and need not detain the House.

We remain of the view that Natural England, which is a very large new organisation, has a lot to do to prove its merit, and many concerns have been expressed in this House and the other place about different aspects of it. An amendment has not been tabled on the issue of conflict. The Sandford principle was widely debated in both Houses, and we have discussed it with the Minister. I wish that such an amendment had been tabled, but I recognise reality when I face it and understand that such an amendment would not have been successful. Nevertheless Natural England has a vital role to play, and I think it fair to say that we will all watch it closely, because, bar a nod and a wink from Buckingham palace, the provision will become law once this group of amendments is agreed, which will allow Natural England to go ahead according to its original timetable. We are taking a major step forward by agreeing this group of amendments.

On the Commission for Rural Communities, to which the Minister also referred in his opening remarks, our concern is whether that organisation really will have the ability to rural proof. Again, we will watch with interest to see how it develops over the first year or two and whether it has the authority to hold the Government to account and to challenge any Department on whether it is really delivering a service that is powerful enough and important enough for our rural communities. The role of the Commission for Rural Communities will be central, and we shall watch it carefully.

I am happy to agree with the Minister on the importance of the amendments. I am also happy to agree with the Lords on those amendments, not least because most of them include proposals that we introduced in this place.

Chris Huhne (Eastleigh) (LD): Liberal Democrat Members also support the amendments—consensus is clearly breaking out—and I join the Minister and the hon. Member for South-East Cambridgeshire (Mr. Paice) in stating that the Lords have done an excellent job.

Lords amendment No. 1 is particularly welcome, because it brings consultation with local communities into the general purpose of the Bill. We would have liked climate change to have been included, too, but we understand that the commitment to consultation is worthwhile. Similarly, we agree on the issue of the elimination of compulsory purchase.

As we said on Second Reading and on Report, the provision on cross-departmental rural proofing is a welcome addition. I echo the view expressed on those occasions and by my noble Friends in the Lords that the abolition of Post Office card accounts by the Department for Work and Pensions is a classic example of a failure to rural proof policy, and the provision may help to rectify such errors. We certainly want the commission for rural communities to perform that role across the spectrum of legislation that may affect rural communities. The licensing laws provide another obvious such example, because they may require small shops that trade the occasional bottle of sherry as a convenience for elderly villagers to acquire a department to fill in new paperwork, so that is another example in which a little bit of rural proofing might have come in handy.

In general, we feel comfortable about the amendments, and we propose to support them.

Lords amendment agreed to.

Lords amendments Nos. 2 and 3 agreed to.

Clause 15

GUIDANCE

Lords amendment: No. 4.

Jim Knight: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this we may discuss Lords amendments Nos. 5, 7 to 10, 28, 32, 38, 39 and 56 to 63.

Jim Knight: During the Lords Committee, we were asked to consider whether any guidance that is published by the Secretary of State should be published "contemporaneously" with the issuing of it. We could not accept that wording, but could not argue with the principle. We believe that there should be a degree of consistency in the Bill and once we decided that it was right to publish such decisions as soon as practicable, we thought it sensible to apply it to any decisions made by the Secretary of State under this Bill. Therefore, this group of Government amendments adds various requirements that the Secretary of State should publish directions, guidance and lists that she may issue under this Bill as soon as reasonably practical after their issue.

Amendment No. 38 to paragraph 16(1) of schedule 1 and the identical amendment No. 39 to paragraph 16(1) of schedule 2 are purely grammatical. They have no effect on the Bill's text other than to improve the grammar, and I am sure that all hon. Members will approve of that. Amendments Nos. 56 to 63 are minor amendments to schedule 11 and address two technical issues. The first three amendments of that group are small clarifications to three paragraphs in schedule 11 of minor and consequential amendments. They will ensure that there is consistency of application within the Wildlife and Countryside Act 1981, clarifying whether particular provisions apply to the 12-mile territorial waters around England and Wales.

The remaining five amendments contain small consequential amendments in the schedule 11 paragraphs that make minor amendments to the Wildlife and Countryside Act 1981 in relation to the protection of limestone pavements. The National Assembly for Wales has relatively recently confirmed that it wishes to benefit from the existing alteration to subsection (1) of section 34 of the 1981 Act so that Wales will benefit equally from

[Jim Knight]

the enhanced protection for limestone pavements. The substituted subsection (1) will enable pavements to be more easily protected both in England and Wales.

Amendment No. 28 is designed to reflect the fact that the new Inland Waterways Advisory Council will be an advisory rather than an executive non-departmental public body and ensure that it can be appropriately supported. The amendment substitutes wording customarily used to authorise Ministers to support advisory NDPBs.

I commend this group of amendments to the House.

Lords amendment agreed to.

Lords amendments Nos. 5 to 10 agreed to.

Clause 44

ENFORCEMENT POWERS IN CONNECTION WITH PESTICIDES

Lords amendment: No. 11.

Jim Knight: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this we may discuss Lords amendments Nos. 12 to 14, 40 and 41.

Jim Knight: Clause 44 contains the powers available to inspectors authorised by the Secretary of State in England, and the National Assembly in Wales, to investigate an offence under section 43 of the possession of a prescribed pesticide. During the Committee stage in the other place, suites of amendments were introduced in response to concerns raised about the apparent wide-ranging nature of these powers. A further two amendments were introduced on Report, to require inspectors to have regard to the codes of practice under which they will be operating. I will deal briefly with each of the amendments in turn.

Amendment No. 11 rules out on the face of the Bill the possibility of speculative visits, an issue about which the hon. Member for South-East Cambridgeshire (Mr. Paice) was especially concerned in Committee. Much effort was expended in finding a form of words that achieved the right balance between protecting the rights of the individual while not constraining inspectors to such a degree that they could not enter unless they believed that a prescribed pesticide would be found on a particular premises. For example, we do not wish to prevent inspectors from entering where a poisoned bait has been found at or near several properties where pesticides are likely to be used and where it is not certain on which of these properties the pesticide would be found. The form of words adopted will allow entry in those circumstances while allowing inspectors to be challenged to justify what the grounds for suspicion are. We also looked closely at all the powers that are available to an inspector once he or she is on the premises to see whether any should be disapplied in respect of the pesticide offence in clause 43.

5.45 pm

Amendment No. 12 removes the ability to require a statement of truth when questioning people about substances found on their premises. That power was considered unnecessary in view of the power to require information already contained in clause 44(1)(b).

Amendment No. 13 introduces three new subsections that clarify the rights of the person in the event that the substance is seized from their premises as evidence of an offence under clause 43 by setting out the procedure relating to its retention. That will ensure that property rights are not eroded by the investigation process. A person may make a claim to have the seized substance returned, for example by providing evidence that they have a defence under clause 43(3).

During the course of the Bill's passage, we have made it clear that my Department intends to issue codes of practice to inspectors exercising their powers in relation to the possession of prescribed pesticides and to wildlife inspectors exercising their powers as set out in schedule 5. It is appropriate that inspectors must have regard to such codes. Amendments Nos. 14 and 40 therefore not only provide the mechanism by which the Secretary of State can issue codes of practice relevant to the duties of inspectors, but place an obligation on inspectors to have regard to any provision of such codes when discharging their functions.

Amendment No. 41 extends current powers of constables to obtain warrants under section 19(3) of the Wildlife and Countryside Act 1981 to four other Acts where police currently have only very limited powers of entry: the Destructive Imported Animals Act 1932, the Conservation of Seals Act 1970, the Deer Act 1991 and the Protection of Badgers Act 1992. The powers would allow constables, under a warrant issued by a justice of the peace, to enter and search premises for evidence where there are reasonable grounds for suspecting that an offence has been committed and that evidence may be found on those premises. Those extended powers would ensure that wildlife protection legislation is complied with and that wildlife crime can be more effectively investigated. They also provide greater consistency across the main wildlife legislation.

Mr. Paice: I am grateful to the Minister for explaining the issues behind the amendments, which I welcome. As he kindly said, the lead amendment concerns an issue that we debated at considerable length in Committee: the possibility of what the Minister described in Committee as a fishing expedition—he just used the word "speculative"—by inspectors. I am grateful to him for accepting that and tabling, as he undertook to do, amendment No. 11.

As he said, we also debated in Committee several other aspects of the powers that are being given to inspectors. On Report, we again debated the possibility that they were being given more powers than the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Exeter (Mr. Bradshaw) has given them in the Animal Welfare Bill. I remain of the view that there is a distinction between the two pieces of legislation that I do not fully understand. I should have thought that it would be easier for the public to understand the legislation if it gave inspectors the same powers.

Jim Knight: Just to assist the hon. Gentleman and others, we have put some guidance on this in the Library to help people to interpret what is, I agree, extremely complicated legislation.

Mr. Paice: I am grateful to the Minister for saying that he has put the guidance in the Library. I hope that he will put it elsewhere as well; otherwise it will not be much use to most people. I understand and appreciate his point, but it does not detract from my question: why is it necessary to have two pieces of legislation, bearing in mind that, in its widest context, it is all to do with animal welfare issues? We are concerned about the matter.

Amendment No. 14 about the codes of practice is welcome. It is sensible that the code could be admissible in court proceedings. Obviously we shall observe carefully to ascertain whether the powers are used and whether the fact that the inspector "must have regard" to the code is sufficient in practice.

Amendment No. 41 deals with extending the search warrant to "certain other Acts". That is a new idea, which we did not consider here, from the other place. I shall not claim that it was our idea—it was Government inspired and I can understand its logic. It underlines my point about having separate legislation. Most people would argue that the protection of badgers or the conservation of seals, although perhaps not the Deer Act 1991, are to do with animal welfare, and that to have a Bill on that subject with one set of powers for inspectors and another measure with similar provisions can only add to the confusion. I do not argue that inspectors do not need the powers but we have added to confusion through the Government's approach.

Nevertheless, overall, the group of amendments is welcome and I am happy to support it.

Chris Huhne: I am also happy to support the amendments, with which we broadly agree. There is a contrast between the provisions for the inspectors' powers and the Government's previous stubbornness on what is now the Animal Welfare Act. They resisted the cause of my hon. Friend the Member for Lewes (Norman Baker) to allow witnesses to intervene in the case of cruelty when it is clearly visible, for example, in a garden or an open yard.

Mr. Paice: The Animal Welfare Bill is not yet an Act because it has not been before the other place, which will consider it after Easter. Perhaps the power of my argument and that of the hon. Gentleman will persuade the Government to amend that measure to match this one.

Chris Huhne: The hon. Gentleman is right to correct me. I hope that we can prevail on Ministers to do as he suggests.

The amendments show clear proportionality in examining the code of practice, which we greatly welcome, and limiting the ground for entry to property to search for proscribed pesticides in situations of reasonable suspicion. We are therefore happy to support them.

Lords amendment agreed to.

Lords amendments 12 to 14 agreed to.

New Clause

DENOTIFICATION

Lords amendment: No. 15.

Jim Knight: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this we may discuss Lords amendment No. 16.

Jim Knight: The amendments do two important things. The first is a small facilitating measure that will benefit landowners and occupiers, especially by removing the implication that the power to denotify SSSI land should be available only if it was previously of special interest. In essence, and without detracting from the main purpose of the provision, it provides for a simple remedy for any landowner or occupier who discovers that a part of his land has been mistakenly included in the boundary of an SSSI, for example, because of a cartographical discrepancy between paper and digitised maps.

The second amendment benefits the public interest. By the strong will of Parliament, shown in the Wildlife and Countryside Act 1981, the conservation bodies have been required to serve SSSI notifications on every owner or occupier of the land in question. Despite their best efforts, that can be a tall order, given the paucity of comprehensive sources of land tenure information. The amendment introduces a saving to ensure that, provided that all reasonable steps have been taken to discharge the notification duty, SSSIs, present or future, will not be rendered invalid by reason of it later being discovered that some relevant party's interests were not identified when the notification was served.

Importantly, the provision protects any such missed party from any liability for things that happened before commencement, and they become fully liable as a notified owner or occupier only after they have come to light and the notification papers have been served on them by the relevant conservation body.

Mr. Paice: When the Minister talks about cartographical discrepancies, I hope to God that he is not talking about the Rural Payments Agency; otherwise there would be so many denotifications and renotifications that we would be here for ever. That organisation seems to be completely incapable of getting its digital mapping correct. Nevertheless, I understand the point of Lords amendment No. 15, and I support it.

On Lords amendment No. 16, I understand completely what the Minister is trying to achieve. The inability to serve a notice because an owner cannot be traced should not result in an SSSI being rendered invalid. However, I want to challenge the Minister on a couple of aspects of the provision. The first involves the use of the word "failure" in the phrase

"failure to serve certain notices in connection with SSSIs".

It seems an odd word to use when we are really talking about an inability to serve the notices because a particular owner or occupier cannot be traced. I wonder why the word "failure" has been used.

[Mr. Paice]

The second, more important, aspect relates to the use of the term "reasonable steps". Who is to make a judgment on that? Am I right to assume from what the Minister has said, and from the way in which this provision is drafted, that the only form of appeal would be by judicial review? If an owner came forward and said. "Well, this is all very well, but I wasn't notified, and I've been at home for the last six months", who would decide whether the conservation body had taken all reasonable steps to ensure that every owner and occupier had been notified? I do not want to suggest that anyone would intentionally set out to fail in that task, but the practicalities might dictate that the notice could not be served. I can well understand that, in some parts of the country, a small parcel of land could be overlooked. An organisation might think that it has covered all the owners involved, when along comes an owner who has a bit of land in the middle of an area. He might then say, "There is no reason why they should not have been able to serve the notification on me. I haven't been anywhere. I haven't disappeared."

I am worried that the provision is too open-ended and that the conservation body could still serve the notice, and do whatever it wanted to do under the provisions in subsection (2), without necessarily having been as diligent as we might wish in ensuring that every owner or occupier had been notified. While I accept that nothing will happen until after the commencement of this section, that is a relatively minor point. What is important is what will happen in future. Before we concede to this amendment, I would be grateful if the Minister could explain how he envisages it operating in practice. What grounds for appeal will be open to an individual who feels that he should have, and could have, been served a copy of the notification but did not get one?

Chris Huhne: I, too, would be interested to hear the Minister's reply to the points raised by the hon. Member for South-East Cambridgeshire (Mr. Paice). Generally, we support these amendments, which we find helpful, but I wonder whether they will cover the thousands of sites and notices already in existence before the Bill is enacted. That would certainly be welcomed by Natural England, as it would ensure proper protection of all the sites that, as we have heard in the House, the Government have been struggling to bring up to scratch.

Jim Knight: With the leave of the House, I should like to respond as best I can to the points that hon. Members have raised.

In response to the question from the hon. Member for South-East Cambridgeshire (Mr. Paice), the use of the word "failure" is technically right. If a conservation body has not managed to notify the owner or occupier, technically it has failed to fulfil its duty under the law as it is written. We are therefore dealing with failure, and we might as well call it what it is.

6 pm

On the second question about who will determine ultimately whether reasonable steps have been taken, the hon. Gentleman is right. If representations to the conservation bodies are not successful, it will ultimately be for the courts to determine. As an independent body, English Nature—or, later, Natural England—will need to make its own judgments and decisions. A range of inquiries and searches are possible, however, in order to discover ownership or occupancy information. Clearly, it is reasonable that all those possible routes should be pursued. If representations made to those conservation bodies—which, one hopes, would identify whether something in the public domain had been missed—fail, the courts would decide the matter.

The final question from the hon. Member for Eastleigh (Chris Huhne) was whether existing triple SIs would be covered. The short answer is yes.

Lords amendment agreed to.

Lords amendment No. 16 agreed to.

New Clause

CRITERIA FOR DESIGNATION NATIONAL PARKS

Lords amendment: No. 17

Mr. Paice: I beg to move amendment (a) to the Lords amendment.

Madam Deputy Speaker): With this we can consider amendment (b) to the Lords amendment and Lords amendments Nos. 18, 33 and 35 to 37.

Mr. Paice: I presume that it is in order for me to address the whole group, as all the amendments in it relate to national parks.

One of the reasons that I wanted to table an amendment, apart from on its own merits—to which I will return in a moment—was that most of this section is completely new to the House. The reason for that, as I am sure that the Minister would tell us, is that the Meyrick judgment handed down by the courts came after we dealt with the Bill in the House. The Government took the decision that the Bill was a suitable vehicle to revert, as they intend, the law to what it was prior to the Meyrick judgment.

I understand that the noble Lord Bach told the other place on Monday night that the Government have been granted leave to appeal to the Court of Appeal in the Meyrick case. Lord Justice Keene was quoted at column 50 in House of Lords *Hansard* on 20 March:

"The grounds are properly arguable and, in any event, raise issues of importance which ought to be considered by the Court of Appeal".

We are considering these amendments in the absence of knowing the final outcome of the Meyrick judgment.

Nevertheless, I agree with the Government that the Meyrick judgment, as it stands at the moment, is anomalous. It goes way beyond what any of us has previously understood as being the criteria for national parks, and refers to this high degree of "naturalness". The judge in the case, again quoted at column 50, said that,

"well-maintained historic parkland providing the setting for a grade 1 listed building, and well-ordered dairy fields of dairy farms would seem to be the antithesis of naturalness".—[*Official Report, House of Lords*, 20 March 2006; Vol. 680, c. 50.]

Arguably he is right, but if we accept that as the criteria for national parks, there probably would not be any. We all know that the British landscape has been affected by mankind since time immemorial. Certainly, all the evidence suggests that since 12000 BC, when mesolithic man first invaded the wild woods and started cutting them down, the British landscape has been in a state of change and affected by mankind. To refer to naturalness seems a bit odd in that context.

Having said that I entirely agree that Meyrick goes too far, I also believe that the amendments go too far in the other direction. I accept that the Government's intention is simply to return the law to where it was before the Meyrick judgment—although if they won the appeal such action would not be necessary, because that would emphasise that the pre-Meyrick legislation stood, or that the interpretation of it stood. In many ways, I hope that the Government do win the appeal, but they tabled the amendments using the Bill as a vehicle, so it is therefore right for this House to have an opportunity to debate them.

Lords amendment No. 17, which would insert a new clause on criteria for designating national parks, suggests measures that I believe would extend the criteria for designation beyond where they were before Meyrick. Indeed, I think they could almost be seen to be opening the whole of rural England to such designation, which goes too far in the opposite direction. I believe passionately in national parks, but they need to have specific attributes—to which I shall return—that identify them as being areas of particular importance. If we allow the criteria to be too lax and end up being able to designate much larger swathes of rural England in the coming years, the designation of national parks as a whole will be brought into disrepute, and will not be treated with the respect to which it is entitled. That would be a great sadness, which is why I tabled amendments (a) and (b).

Lords amendment No. 17 proposes that Natural England may,

"when applying subsection (2)(a) in relation to an area, take into account its wildlife and cultural heritage".

I think that most of us would accept that it is sensible to include wildlife in a provision relating to national parks, for obvious reasons. It is the term "cultural heritage" that I find more difficult to understand. I am sure that the Minister, who has briefing papers, will point out that it was the last Conservative Government who first introduced the phrase to national parks legislation. He nods—he was going to throw that at me, so I am glad that I got in first. That is perfectly true, but anyone who reads Lord Bach's speeches and the briefing that we have all received from the Council for National Parks will observe that the terms "cultural heritage" and "landscape" appear to be interchangeable. It seems to me that the Government mean "landscape", and I would therefore prefer that word to be used in the Bill.

We all understand what "landscape" means. It deals with the issue of naturalness, because we all know that the landscape of England is affected, has been affected and will be maintained by mankind. There can thus be no dispute about the interpretation of the word, whereas I believe that the phrase "cultural heritage" is open to much more question.

New subsection 2A(b) provides that Natural England may

"take into account the extent to which it is possible to promote opportunities for the understanding and enjoyment of its special qualities by the public."

Of course, we want the public to be able to enjoy the special qualities of a national park, but that ability has always been there. I do not understand why the Government want to open it up to that extent. The issue of enjoyment of those special qualities was clearly included in the criteria specified in the Countryside Act 1949. There have been various reports on national parks: the Addison, Dower and Hobhouse reports, and more recently the Sandford and Edwards reports. There seems to be a common theme in all that work, namely, the importance of special areas with an element of wildness, beautiful and suitable for public access at the time of designation.

That is very important point and a constant theme, so we are forced to ask what it is that the Government are changing, given that such a provision already exists in legislation. It seems that, in using the phrase

"take into account the extent to which it is possible to promote opportunities",

the Government are implying that in future the public enjoyment of such special qualities could be opened up considerably. That, in turn, raises the possibility of damaging the special qualities that caused an area's designation in the first place.

Amendment No. 17 widens the criteria too far the other way, although I readily except that Meyrick needs to be redressed if the appeal is lost. Of course, if the Government win the appeal, this whole debate could become irrelevant. Indeed, the Minister may wish to tell the House this afternoon how he sees the legislation working. If we pass all this and the Government then win the Meyrick appeal, what impact will that have? In a sense, two different pieces of legislation would apply to national parks.

Amendment No. 33 would insert a new clause defining:

"Natural beauty in the countryside."

As I understand it—the Minister will correct me if I am wrong—this, too, is part of the Government's desire to rebalance the Meyrick judgment, with which I wholly agree. Indeed, I do not disagree with any aspect of the new clause's definition of natural beauty. That is fine, but why, having included that new clause, is amendment No. 17 still necessary? I appreciate that I have spoken first and that the Minister has not had a chance to respond, but I hope that he will indeed explain why amendment No. 17 is necessary, given that amendment No. 33 defines natural beauty, and that such a definition is fundamental to the criteria for designating national parks.

We do not oppose the idea of correcting Meyrick or of national parks, but if national parks are to retain the value and esteem that people attach to them, they should remain areas with special qualities. My concern is that the Government, in their desire to rebalance the legislation following Meyrick, have gone too far the other way. In future years, attempts could be made to designate areas that perhaps do not have the special quality that we attribute to existing national parks. I

[Mr. Paice]

look forward to hearing the Minister explain why it is necessary for the Government to go as far as they are going with their amendments.

Chris Huhne: I shall, if I may, address some of the issues arising from other provisions that have already been approved by the Lords.

The new clauses relating to the criteria for designating national parks have allowed for a satisfactory definition that gives us back the standard that had been established in this country for almost 60 years. The Liberal Democrats' only disappointment is that we are not discussing an amendment enabling local people to be elected to the boards of national parks, as an alternative to the Secretary of State making appointments. It is regrettable that neither the Government nor, it appears, the Conservatives could support such an amendment. However, in essence, as the hon. Member for South-East Cambridgeshire (Mr. Paice) has rightly said, the new clauses re-establish the status quo before the Meyrick High Court judgment, which ruled that the Hinton estate in the New Forest need not form part of the South Downs national park on the ground that it was not sufficiently natural.

6.15 pm

Amendment (a) would not allow a return to the status quo before Meyrick. Substituting "landscape" for "cultural heritage" would mean that national parks would be designated on the same basis as in the past. English Heritage estimates that the historical designation includes 11,000 listed buildings, 4,000 scheduled monuments and 30 registered parks and gardens. Although the parks and gardens might reasonably be regarded as landscape, I do not see how the monuments and listed buildings could be. Therefore, the amendment would be unduly restrictive, and inconsistent with the criteria used for the designation of national parks in the past. It would be regrettable to introduce that inconsistency now.

Amendment (b) is also unnecessary, as it would remove Natural England's ability to take account of the extent to which it is possible to promote opportunities for people to understand and enjoy a national park's special qualities. National parks are not wildernesses. The hon. Member for South-East Cambridgeshire made an interesting and perhaps Freudian slip when he suggested that wildness was involved. For example, the landscape around Chatsworth is outstanding and beautiful, but it could not be called wild.

National parks are designed to be resources for the enjoyment of all, and it seems odd for the Conservatives to attempt to deny it. That is why we support the Lords amendments.

Nick Herbert (Arundel and South Downs) (Con): I rise to support the amendments tabled by my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice). I shall not get involved in the somewhat arcane discussion about what is natural and what is wild, as that has been discussed enough already. However, I want to explore the practical implications of changing how we designate national parks.

First, I emphasise that the amendments made in the other place do not affect existing national parks or areas of outstanding natural beauty. The Council for National Parks sent us a briefing that was helpful—although I disagree with much of it—in which it said that the amendments were "common sense" and designed to "protect our existing network" of national parks and areas of outstanding national beauty. However, that is not so: the amendments would change the rules of the game after the inquiry into the proposed South Downs national park has ended, but they do not affect existing national parks at all.

The retrospective nature of the provision, and the way in which it has been introduced, is to be deplored. It is the result of a court case, and although we may agree or disagree with the decision, the Government have determined, rapidly, to amend the application of the law. They have done that in the other place, without much debate. I was a member of the Standing Committee considering this Bill, and the issue did not arise, yet it has profound implications for the future designation of national parks.

Mr. Peter Bone (Wellingborough) (Con): Does my hon. Friend agree that the Government seem to be rushing? An appeal has been lodged, so would it not be better to see what the outcome is?

Nick Herbert: I agree precisely with my hon. Friend. An appeal is under way, and my hon. Friend the Member for South-East Cambridgeshire made the point very well that the amendment sits oddly with that fact. We should wait for the result of the appeal, and the amendment would throw the designation of the proposed South Downs national park into chaos and confusion.

I disagree with the hon. Member for Eastleigh (Chris Huhne) in his interpretation of what the Government are trying to do. The amendment does not restore the previous designation of national parks; it introduces a new form of designation. Areas of outstanding natural beauty and national parks have always been seen as distinct. National parks were wilder and more remote areas, while areas of outstanding natural beauty were equally attractive, but more managed, landscapes.

This matter is of great importance to my constituency, as more than half of it lies within the South Downs area of natural beauty and well over half will lie within the proposed national park. The practical effect of the amendments is that a redesignation of the national park boundaries will be possible, after a long inquiry—91 sitting days and 23 visits—has already completed its business. If, as a consequence of the amendments, the national park boundary is moved south of Arundel, it may prevent the completion of the long-awaited Arundel bypass, with a profound impact on downland villages, which will continue to suffer a large amount of displaced traffic that cannot bypass Arundel on a proper coastal highway. The point is that local residents had the opportunity to make representations to the inquiry, based on their understanding of the law at the time, but that is now being changed, after the fact, with little debate in this place. That is wrong.

My hon. Friend the Member for South-East Cambridgeshire is right: the problem is that cultural heritage is not defined in the Bill. The concept is vague and we do not know what it means. Although his amendment would not remove wildlife from the new criteria that Natural England will have to take into account, it would nevertheless introduce a new confusion. Traditionally, wildlife has been dealt with by different instruments—through sites of special scientific interest—and not according to national park designations. Inclusion of the proposed criteria would further muddy the water.

There are good reasons, to which the Minister will not be able to respond, why a South Downs national park is not the appropriate status for the area. It was already well managed by a joint conservation board and there have been three attempts to designate it as a national park. All failed due to the special nature of the downs, which are different from some other national parks. There is only limited open access; slightly less than 3 per cent. of the downs is open, compared with between 30 and 60 per cent. in other national parks. I fear that an attempt is being made to allow a designation of national park status that would not have been permitted under previous legislation, because the downs have always been regarded as unsuitable for that.

I yield to no one in my desire to ensure that the south downs landscape is protected. It is important and superb, described by Arthur Mee in his famous "The King's England" series of inter-war county books as

"the natural glory of our island".

Everybody would agree with that. The problem is the basis for the protection of the downs, and there are long-standing arguments about the democratic deficit that will be caused by designating it as a national park. For instance, it will involve a large number of planning decisions—far more than in any other national park. Despite my commitment to the downs landscape, it is not appropriate to designate the area as a national park.

Local opinion is divided, but people are entitled to certainty. If they make representations to an inquiry they should know what the law is, and the House should not attempt to change the law retrospectively after the inquiry has been completed. That is important. If the amendment is accepted, the Minister should do the right thing and reopen the inquiry, especially if the area's status is changed as proposed. If there are new criteria, local authorities and local people should be able to make representations based on them. The Minister should then make his decision. It is wrong to make such changes so late, on the back of this Bill, simply because the Government disagree with the result of a court case that will sit uncomfortably with the decision that they want to make about national park status.

Jim Knight: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: Order. The Minister is supposed to be speaking to amendment (a) to Lords amendment No. 17.

Jim Knight: Thank you for that helpful guidance, Madam Deputy Speaker.

I oppose amendment (a). The effect of amendments (a) and (b)—if I make take them together, Madam Deputy Speaker—would be to exclude ""cultural heritage" and promoting

"opportunities for the understanding and enjoyment of its special qualities by the public"

from the considerations that can inform the designation criteria for national parks.

To turn first to amendment (a), I hope to persuade the House that cultural heritage has been at the core of our concept of national parks in England since the 1940s. It was recognised by the founding fathers of the national parks movement that England and Wales have nothing that approaches the wilderness areas that were being designated in the United States at the time. In England and Wales, it was always recognised that the most exceptional landscapes demonstrate a harmony between man and nature. That encompasses cultural heritage, which, as was rightly pointed out by the hon. Member for Eastleigh (Chris Huhne), includes the built heritage produced by working the land.

For example, hon. Members would agree that the Yorkshire Dales national park is outstanding. I would invite members to pause and reflect for a moment, as I speak, and imagine the quintessential Yorkshire dales landscape. I am sure that their thoughts would include a pattern of stone walls, field barns and farm houses—all part of the cultural heritage of the Yorkshire dales, which we should include as part of our purpose in designating national parks.

John Mann (Bassetlaw) (Lab): Does the Minister agree that the designation of the Yorkshire Dales national park also ought to include a good youth hostel? Will he consider giving some assistance to the youth hostels in the Yorkshire dales that are about to close?

Jim Knight: As ever, my hon. Friend is ingenious in finding ways to make representations on important causes, and the future of youth hostels is certainly one of them. I will bear his comments in mind.

Mr. Patrick McLoughlin (West Derbyshire) (Con): The Minister was unable to help the hon. Member for Bassetlaw (John Mann), but he recently visited my constituency and Backdale quarry, and he was incredibly helpful in assisting the Peak district by issuing a stop notice. So I was very disappointed yesterday to receive a press statement that said:

"A public inquiry into quarrying at Backdale on Longstone Edge—due to resume next week—has been cancelled after"

the Deputy Prime Minister

"declared the Peak District National Park Authority's enforcement action to be null and void."

How can anyone take any reassurance from the Government's word on the national parks, when a junior Minister gives the go-ahead and approval for an action that is then cancelled and overridden by the Deputy Prime Minister? If the Minister cannot give me an answer today, will he ensure that he makes a statement before the House rises tomorrow?

Jim Knight: I will certainly look into the point that the right hon. Gentleman makes and find a suitable opportunity to respond fully; I am certainly unable to do so now.

[Jim Knight]

These Lords amendments are intended to clarify the interpretation of the statutory criteria for the designation of national parks under the National Parks and Access to the Countryside Act 1949, in line with how they have been generally understood and applied for the past 56 years. As we have heard, they are being introduced in response to a judgment on a High Court challenge to the New Forest national park designation order of 2005. The amendments return the situation to one in which we have what were generally understood, prior to the judgment, to be the relevant criteria, but with greater clarity.

6.30 pm

Mr. Bone *rose—*

Jim Knight: Let me just make a little more progress, and then I will give way.

The Court found that the interpretation of the designation criteria should not be informed by national park purposes and appeared to favour a more restrictive interpretation of what could be considered to be "natural" in the context of "natural beauty". During the past 56 years, the criteria for designation have been understood and read in the light of the purposes of national parks. In 1991 a report by the national parks review panel, "Fit for the Future", reviewed the criteria and the purposes and recommended that there should be more explicit references to the wildlife and cultural heritage of the parks in the first purpose.

The Government accepted that recommendation, as the hon. Member for South-East Cambridgeshire (Mr. Paice) pointed out, and used the Environment Act 1995 to amend the preservation and conservation purpose in section 5(1) of the 1949 Act. No changes were made to the designation criteria because it was thought to be generally understood at the time that the criteria were informed by the purposes. However, that assumed link was broken by the Meyrick judgment handed down last November. Therefore, the Government believe that we should now take explicit steps to make sure, in statute, that the 1995 Act changes do indeed apply to the designation criteria as well as to the purposes.

Mr. Bone: Will the Minister deal with the point about the appeal that has been lodged? Why do we need to have legislation now, before the appeal has been dealt with?

Jim Knight: I was going to deal with that question when I responded to some of the points made by the hon. Member for Arundel and South Downs (Nick Herbert). There are a number of reasons why we need to act now. A degree of uncertainty would otherwise be created in respect of other issues relating to national parks and areas of outstanding natural beauty. I am not referring specifically to the south downs. The Countryside Agency is considering other issues in relation to extensions to some national parks, for example. We need to be able to offer certainty for that work to be continued. The opportunity to revise the 1949 Act in the future would be very uncertain. It could be many years before Parliament has another opportunity to restore what we believe is the status quo. That is why we would like to act now. If the Bill achieves Royal Assent, as I hope it will in the next day or so, I will have to consider what our position should be on the appeal, in the light of having made those changes.

The main amendment, Lords amendment No. 17, adapts the criteria by incorporating the terminology of the purposes to make it clear that national park purposes are behind the criteria. As I have explained, we believe that that approach is what was intended by the original legislation. I have already talked about amendment (a). I think from what has been said that amendment (b) is an objection to the forward-looking nature of promoting

"opportunities for . . . understanding and enjoyment".

By that I mean that in deciding whether a piece of land should be designated, one can consider whether, through the actions of the national park authority, or someone else, its values for understanding and enjoyment could be increased. I must point out that that was fully explored in the New Forest inquiry and the Meyrick judgment.

The second criterion for designation in the 1949 Act, which amendment (b) does not alter, refers to opportunities for open air recreation. It is inherent in the word "opportunities" that an appropriate degree of looking to the future was intended; that point was even accepted by both the claimants and the judge in the Meyrick judgment. In response to the point about potential damage to the very environment and landscape that we are seeking to protect through national park status, the Sandford principle applies to national park authorities, so in the last resort their decisions would have to come down in favour of the environment. I could go on, but I suspect that some of my hon. Friends would not find that to their taste.

Mr. Paice: Lords amendment No. 33 reaches the heart of the Meyrick judgment on what natural beauty is by defining it in a way that I—and the whole House, I am sure—am more than happy with. Perhaps the Minister will explain why that is not sufficient, and why Lords amendment No. 17 is necessary on top of it.

Jim Knight: Lords amendment No. 17 specifically and only deals with national parks. Lords amendment No. 33 addresses the degree of naturalness that is needed to meet the natural beauty criteria for areas of outstanding natural beauty and thus clarifies matters for all definitions of natural beauty in statute. It is important to make that distinction. Lords amendment No. 17 deals with purpose, and we have a balance between purpose and criteria.

Lords amendments Nos. 35 to 37 provide for the commencement of the provisions two months after the Act has passed. I commend the Lords amendments to the House.

Mr. Paice: May I first pick up a point—

Mr. Deputy Speaker (Sir Michael Lord): Order. Technically, the hon. Gentleman needs the leave of the House.

Mr. Paice: My sincere apologies, Mr. Deputy Speaker. With the leave of the House—I was told to say that, but I usually forget what I am told.

May I first pick up on the point made by the hon. Member for Eastleigh (Chris Huhne) when he suggested that I made a Freudian slip by using the word "wild"? I did not. My use of the word was intentional, not Freudian, and the word was taken directly from the very Hobhouse report that set the criteria for the 1949 Act, which referred to wild areas and wild moorland. I did not use the word "wilderness", as he suggested.

The principal issue is obviously a matter of interpretation. There is a question of whether Lords amendments Nos. 17 and 33 take the criteria further than simply reverting back to those in the 1949 Act, as subsequently amended—in other words, before the Meyrick judgment. My hon. Friend the Member for Arundel and South Downs (Nick Herbert) rightly referred to the south downs, and it is widely believed that the purpose of the Government amendments is to reopen the south downs issue. That is a matter for my hon. Friend and others who represent the area to debate another time, but as my hon. Friends have said, it is worrying that the Government are acting in a bit of a rush.

I do not know whether the Minister can shed any light on when the appeal will be heard, but it would be perfectly sensible to wait for its outcome. I am worried to hear the Minister say that if the Lords amendments are passed and the Bill gets Royal Assent in the next few days, he will have to think again about the appeal. He implies—I am putting words in his mouth, but I think that most people understood this—that the appeal may then be dropped. That would be a serious judgment to make. The matter should go to appeal because I do not think that the conclusions of Lord Justice Keene in the Meyrick case should be allowed to stand, regardless of what we might do to the Bill tonight, for the reasons that we have described.

The Government are going a little further than they need to. I want the criteria for national park designation to be as they were prior to the Meyrick judgment. I am worried that the Lords amendments, especially Lords amendment No. 17, could open the criteria wider than that and give scope for applications for the designation of areas that most of us would not describe as having the special qualities that a national park should have. For those reasons, I will press amendment (a) to a Division.

Question put, That the amendment to the Lords amendment be made:—

The House divided: Ayes 162, Noes 380.

Division No. 206] **[6.39 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Watkinson, Angela
Whittingdale, Mr. John
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Andrew Rosindell and
Mr. Crispin Blunt

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, Ed

Banks, Gordon
Barlow, Ms Celia
Barrett, John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Mr. Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Browne, Mr. Jeremy
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farron, Tim
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
Oliver, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Robinson, Mr. Geoffrey
Rogerson, Mr. Dan
Rooney, Mr. Terry
Rowen, Paul
Ruane, Chris
Rudduck, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew

Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Watho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wills, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Mr. Frank Roy and
Mr. Ian Cawsey

Question accordingly negatived.

Lords amendment agreed to.

Lords amendments Nos. 18 and 19 agreed to [One with Special Entry].

Clause 62

ENDING OF CERTAIN EXISTING UNRECORDED PUBLIC RIGHTS OF WAY

Lords amendment: No. 20.

Jim Knight: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may discuss Lords amendments Nos. 21 to 26, Lords amendment No. 27 and amendments (a) and (b) thereto.

Jim Knight: Amendment No. 20 removes—

Mr. Deputy Speaker: Order. Conversations are breaking out in the House. Hon. Members should listen to the Minister.

Jim Knight: Thank you, Mr. Deputy Speaker.

Amendment No. 20 removes clause 62(1)(b), the aim of which is to ensure that public motor vehicular rights are only extinguished over routes that, immediately before commencement, are used less by motor vehicles than by other users, which relates to the burden of proof on those who want to prove their vehicular rights.

Amendment No. 21 replaces clause 62(1)(b) with a similar provision under clause 62(2), which will exempt from extinguishment any route where it can be shown that, for five years before commencement, the public use had been mainly by motor vehicles. That will ensure that, in such cases, the burden of proof is placed on those using a motor vehicle to show that, because the route had been used mainly by motor vehicles for a significant period, the rights have not been extinguished. The effect of the two amendments is to reverse where the burden of proof will lie.

Amendment No. 22 clarifies that those routes recorded on the list of streets and not recorded on the definitive map and statement are exempted from extinguishment only where they are recorded on the list of streets immediately before commencement.

Mr. David Drew (Stroud) (Lab/Co-op): Will the Minister clarify the issue of easements, particularly where it involves a public body such as the National Trust, which could be part of the problem? The problem is that when the National Trust attempts to clarify the ownership of common land, it causes individuals who require access over that common land considerable problems, which is the case in my area at least.

Jim Knight: Some of the amendments that we are making will enable people who need to access their property to continue to do so. The right hon. Member for Bracknell (Mr. Mackay) raised that anomaly on Report. I shall discuss that issue again later, but if I do not resolve my hon. Friend's point, perhaps he will write to me or even raise the matter on the Second Reading of the Commons Bill, which will take place shortly after the Easter recess.

Amendment No. 23 introduces arrangements to deal with existing, outstanding claims for rights of way that carry rights for mechanically propelled vehicles—byways open to all traffic or BOATs. It provides that what is now clause 67 does not apply to any claims for BOATs made before the Government made clear, on 20 January 2005, their intention to legislate following public consultation. The Welsh Assembly Government have chosen to make that date 19 May 2005, the date on which the Bill was published.

7 pm

Paddy Tipping (Sherwood) (Lab): May I take this opportunity to thank my hon. Friend for all the listening that he has done on this point during consideration of the Bill? Tremendous movement has been achieved and he has come to a good and sensible decision in choosing the date of 20 January 2005. I thank him and his officials for all the work that they have done.

Jim Knight: I am grateful for my hon. Friend's comments, especially those relating to my officials who have done an excellent job in dealing with what is a complicated issue and with much correspondence from many hon. Members and others.

The effect is that BOAT claims made before those two dates will be processed under the terms of the existing legislation, and therefore any rights for mechanically propelled vehicles that they seek to establish will not be extinguished, provided the claim proves successful. However, any BOAT claims made after those dates will be dealt with under the terms of the new legislation, subject to two limited exemptions. The first is when

[Jim Knight]

local authorities have already reached the stage of determining the claim and the other is when they are made by property owners, as raised on Report by the right hon. Member for Bracknell.

Mr. Peter Atkinson (Hexham) (Con): If a claim was made for a BOAT before 20 January 2005 and it fails, can the Minister confirm that any future claims for the same right of way will be caught by the cut-off?

Jim Knight: That is certainly my understanding. If the situation is any different, I will write to the hon. Gentleman and copy the letter to Opposition Front Benchers and place a copy in the Library.

The transitional arrangements have been drafted in such a way as to ensure that only those definitive map modification order applications for BOATs made before 20 January 2005, or 19 May 2005 in Wales, that are made correctly and in accordance with the statutory requirements, will be preserved by the transitional arrangements in clause 62(3).

Amendment No. 23 also amends the provisions that provide for private rights of access for property owners. That is necessary to ensure that there are no human rights issues created by commencement of the rights of way provisions shortly after Royal Assent without a period of statutory notice. Amendment No. 24 is a procedural amendment that refers to certain transitional provisions set out in the Countryside and Rights of Way Act 2000. The provisions provide that, where a local authority has made a definitive map modification order under section 53 or 54 of the Wildlife and Countryside Act 1981 reclassifying a road used as a public path, or RUPP, as a footpath, bridleway or byway open to all traffic, that order must be processed to its conclusion. However, the amendment will ensure that those transitional arrangements are subject to part 6 of this Bill in the normal way, so that unless they fulfil the criteria for any of the exemptions set out in the Bill's transitional arrangements, any vehicular rights in such claims will be extinguished.

Amendment No. 25 addresses cyclists' concerns about whether a qualifying period of past, or future, cycle use may give rise to a restricted byway. The view of the Department for Environment, Food and Rural Affairs is that a normal pedal-powered cycle is a non-mechanically propelled vehicle and therefore may give rise to restricted byway rights. This amendment introduces a clause that will make that clear on the face of the Bill.

Amendment No. 26 clarifies that a definitive map modification order or DMMO application is, of itself, capable of bringing a route into question for the purposes of section 31 of the 1980 Act.

Amendment No. 27 is in two parts. The first amends an existing provision, which provides that a restricted byway may be created through an application for a definitive map modification order. This amendment clarifies that a restricted byway can be created on the basis of both user and historic evidence. The second part will ensure that anyone driving on a restricted byway, which was a road used as a public path prior to reclassification, to access their property would not be committing a criminal offence under section 34 of the Road Traffic Act 1988.

Amendments (a) and (b), tabled by the hon. Member for South-East Cambridgeshire (Mr. Paice), would amend Lords amendment No. 27. They concern subsection (7) of what is now clause 70. This subsection closes a possible loophole, which may have enabled those driving illegally over former RUPPs, to visit land that is designated for public access, to claim immunity from prosecution under section 34 of the Road Traffic Act 1988. Subsection (7) specifically excludes such people from the exemption from prosecution, so that it is only available to those accessing their own property over former RUPPs, and their lawful visitors. The amendments seek to further close the possible loophole, by extending the categories of land specified in subsection (7) to include

"any land which is treated as being accessible to the public"

so that it would include any rights of way and town or village greens.

We considered similar amendments very carefully when they were tabled in the other place. We have concluded that the exemption from prosecution works properly without the amendments. We are satisfied that the Government amendment that has been incorporated into clause 70 closed any potential loophole and that no further amendments to the clause are necessary. Amendments (a) and (b) as drafted cannot be accepted because they would introduce uncertainties into the definition of visitor. For example, if they were accepted, they would not mention section 15(1) of the Countryside and Rights of Way Act 2000. We recognise that there is some concern that people using a right of way could be regarded as a "visitor to the land". However, we do not share that concern. We have considered this issue very carefully and have concluded that those using a right of way could not be regarded as a visitor to one of the parts of land which the right of way may cross. The right of way may cross several fields in the ownership of several different landowners. The user of the right of way is not visiting those fields, he is using the right of way. I appreciate that this is a complex area of the law. We intend to issue guidance to the police, local authorities and others about the rights of way provisions in this Bill. That will include guidance to assist with the understanding and enforcement of this new legislation on rights of way. I hope that in light of that the hon. Gentleman will withdraw his amendments and that the House will accept the Lords amendments.

Mr. Paice: I am grateful to the Minister for his comments and we mostly welcome this group of amendments. The Minister, and other hon. Members who have taken an interest in this part of the Bill, will know that it has probably caused the most angst, especially the issue of the date of commencement. I am the first to admit to an element of confusion earlier in the proceedings. Having read and reread the Committee and Report proceedings, my confusion appears to have been shared by everybody else, including the Minister. The hon. Member for Sherwood (Paddy Tipping) would probably agree. We were all saying the same thing based on what appears to have been a misunderstanding of the import of the Bill and the impact that it would have on what we believed to be some 2,000 outstanding applications for the creation of BOATs.

Subsequently, I tabled a written question and I am grateful to the Minister for taking a great deal of care in answering it. He has surveyed all the highways

authorities to find out how many applications were outstanding on three dates—the date on which the Government published their consultation in December 2003, the date on which they announced the conclusions of their consultation in January 2005 and the date on which the Bill was presented in May 2005. That elicited the fact that the number of applications outstanding was not 2,000, as we had been led to believe, but fractionally fewer than 1,000, of which almost exactly half predated the original consultation. Some 288 were lodged in the consultation period between December 2003 and January 2005, and another 200 or so were lodged between January and May. That demonstrates an increasing rate of applications, but the situation was not as bad as we thought it would be.

The concern shared by hon. Members on both sides of the House was that the Bill would allow a long period in which those 2,000 applications could proceed. If that happened, the intention of closing off the loophole of previous use of byways by vehicles in BOAT applications would have been defeated. I am glad to say, for reasons that I will come to in a moment, that that possibility has been significantly diminished.

John Mann: Do the hon. Gentleman's figures relate to applications or to the number of routes? For example, in my area one application might cover six or 12 different routes. For the various people affected, a route is a route, whether it is dealt with as a separate application or as part of a group put in as one application. May we have a clarification of his clarification so that we are clear about the scale of the problem?

Mr. Paice: I am grateful to the hon. Gentleman. He is absolutely right and I am happy to agree with him. We can both blame the Minister, because his figures were not sufficiently explanatory. We do not know how many of those applications were multiple, but it is probable that more than 997 routes were requested.

John Mann: I can only give detailed illustrations from my own constituency, where the scale of the problem is related to the number of routes rather than the number of applications. For example, residents, farmers, dog-walkers, horse riders and so on might be affected by any one component of a circuit rather than by the entire circuit, which is an additional problem.

Mr. Paice: The hon. Gentleman is right. It may well be that the number of applications for individual routes is nearer to 2,000—we simply do not know. I said in jest that it is all the Minister's fault, but I suppose that it is partly mine. I did not ask him the right question, so he did not ask the Highways Authority the right question. I am happy to share the responsibility, but I will not go further than that.

The other interesting piece of information that came out of the Minister's survey—this is directly relevant to the point made by the hon. Member for Bassetlaw (John Mann)—is that there are tremendous variations around the country. The problem is concentrated on certain counties, including the Minister's own county, where there is a particular issue with a large number of applications. Several highway authorities reported few or no applications, so the situation is very patchy. When we debated this before, I was not aware—the hon. Member for Sherwood (Paddy Tipping) may have been—that trail riders were offering a "byway bonus" for applications. The Trail Riders Fellowship said:

"For every Byway claimed by YOU the TRF will give the applicant £10.00

If that application is successful then the TRF will give the applicant £250."

That partly explains the surge in numbers.

The question is what was done about the large number of applications. The Government's original intention, clearly based on the expectation that they would all have to be resolved, was that commencement would be in a year or so. I remember that the Minister was concerned to give time for all that to take place. We persuaded him, following advice that we received, that it could be brought back to the date on which the legislation was enacted. The debate in the other House has concerned making the date even earlier.

I was never persuaded by the arguments that we should seek to eliminate all the outstanding applications. I took the view that those made prior to the Government's consultation in December 2003 were made in good faith and that they should be allowed to proceed under the rules that then pertained. I felt that December 2003 was the right date to go for, and that was the subject of amendments in the other place. I am happy to endorse the comments made by the hon. Member for Sherwood about the Minister's willingness to discuss the issue. It became clear in those discussions that the Government were advised that they could not accept such an early date. I am sorry that they could not do that, and we might continue to wish to dispute it, but nevertheless I face the reality. What we have achieved through the mutual pressure from both sides of the House is the bringing back of the date from a year or so hence to January 2005.

That makes a great deal of difference to the number of applications that will be dealt with under the existing rules. All bar 700 or so applications—those going up to January—will be dealt with under the old rules. The rest will be dealt with under the new criteria, which means that use of a byway by a vehicle, whether it is a Roman chariot or anything else from some distant point in history, would not be a basis for a claim for a byway open to all traffic.

7.15 pm

Mr. Atkinson: I want to express my thanks to the Minister for listening to the representations from my constituents, who are badly affected by this.

On the legacy of the 300 or 400 outstanding claims that are not caught by the new rules, does my hon. Friend agree that it is most important that the Government give advice to the police and the Crown Prosecution Service? We have discovered that if these claims are undetermined, there is virtually no chance of the CPS agreeing to prosecute those arrested for trespassing on these byways.

Mr. Paice: I am grateful to my hon. Friend. I think that the Minister said that he is going to issue guidance. That is terribly important. As we have all found in dealing with this legislation, it is a minefield—some of us might wish that some of these tracks were a minefield, because it might stop their being used—and it causes

[Mr. Paice]

immense difficulty and confusion among users, as well as prosecutors. I look forward to seeing the guidance to local authorities and to the police.

I would add to that an exhortation to highway authorities, notwithstanding other pressures, to act quickly to resolve the outstanding applications. The sooner they are resolved and the map is definitive, the better for everybody.

Mr. Drew: In Gloucestershire, we have not had this problem because there is a degree of amicable arrangement between the different parties. It is therefore somewhat strange to find out what is happening in other parts of the country. The biggest source of complaint is that there is no resolution because those tasked with trying to come up with one delay it because they say that they do not have enough resources. That is not acceptable, is it?

Mr. Paice: Far be it from me perennially to refer to the fact that local authorities are deprived of resources by the present Government, but that seems to be what the hon. Gentleman is saying. So be it—I am happy to accept his point. Yes, of course proceeding more quickly will take up more local authority resources, but in the long term it is in everybody's interests.

I wish finally to refer to the amendments that stand in my name. They refer to the amendments that the Government have tabled in response to the concerns expressed by my right hon. Friend the Member for Bracknell (Mr. Mackay). The Minister has listened and acted, and we are grateful for that. As he said, there is some concern that the term, "visitor to the land", creates a loophole, and it was put to us that that could be closed by these amendments. I heard the Minister explain why he feels that they are inappropriate. I think that he could probably add to that the fact that he is anxious that the Bill becomes law as soon as possible. We all agree, but that does not negate the need to get it right. He asked me to withdraw them, but I cannot withdraw what I have not moved. Nevertheless, I was interested in what he said. He clearly put on the record, for everybody to see, the Government's belief that the loophole does not exist and that the phrase that they have employed does not give people a means of using a byway for other purposes. Concerns were expressed that it would be used as a means of accessing another byway, on the basis that all byways connect one highway to another highway. If the Under-Secretary is convinced that the amendment would be unnecessary, I am prepared to take his word for it, especially as he is prepared to make relevant provision in the Bill.

Paddy Tipping: The Under-Secretary has also promised to issue guidance. It is clear that we need to have a firm view about the point.

Mr. Paice: The hon. Gentleman is right that we need clear guidance. I shall not pursue my amendment but we have raised the matter and the Under-Secretary has put his position on it on record.

We welcome the group of amendments, which has taken us a long way from where we started. It means that we can look forward to the protection of many of our byways that were under threat of being torn up by motorised vehicles. That will be widely accepted, perhaps with the exception of those who wish to use them. Some of them are reasonable and law-abiding and do not want to chew up the byways—we should not tar everybody with the same brush. However, we should be aware that some people abuse byways. With proper guidance, the Government can ensure that the law is enforced and that those who continue to abuse our byways can be properly prosecuted.

I welcome the amendments and thank the Under-Secretary for the way in which he has handled the matter.

Natascha Engel (North-East Derbyshire) (Lab): I am especially pleased to follow the hon. Member for South-East Cambridgeshire (Mr. Paice) because I would like to pursue some of the issues that he raised.

Rights of way affect many of my constituents. North-East Derbyshire sits at the foot of the Peak district and boasts some of the most beautiful rural villages in the country, for example Ashover. People have moved from far and wide to live in a peaceful rural idyll. Tourists travel hundreds of miles to visit, but their quality of life is being ruined and their nerves are shattered.

As the Under-Secretary knows, the proposed legislation led to a flood of applications for modification orders to the definitive map to upgrade bridleways to byways to allow the sort of motorised vehicles that we have discussed today—trial bikes, quad bikes and four-wheel-drive vehicles—on to the bridleways. Many of those paths existed in the same state for centuries until motorised vehicles started to use them relatively recently.

Visitors to the countryside who want to enjoy peaceful surroundings, wild flowers and birds or get some safe outdoor exercise in a beautiful historic environment have all that ruined by noisy trial bikes. They have caused great damage to land and paths, making them unuseable for those, such as walkers and horse riders, who want to use them legitimately. Horse riders can no longer use the paths, and it cannot be right that legitimate users are effectively prevented from using them so that trial bikers can ride around at high speed, not even looking at scenery or seeing what they drive over and often destroy.

What does the Under-Secretary propose to do about applications for modification orders that have already been made but have not been determined? Is there a timetable for determining them?

Chris Huhne: I am mindful of the hour and I shall therefore be brief. We were minded to support the Conservative amendments and I am therefore delighted with the Under-Secretary's assurances, especially about guidance. We are pleased that a sensible compromise was reached. That means that green lanes can be protected and the integrity of the countryside maintained. It was essential, in a Bill aimed at safeguarding the natural environment, to reach such an outcome to allow local authorities to deal with the backlog of claims and to prosecute the minority, who wilfully flout the laws and ride or drive where they should not, while allowing those who have established rights to continue to exercise them. We are therefore happy to support the compromise.

Mr. Andrew Mackay (Bracknell) (Con): I thank the Under-Secretary sincerely for the Lords amendments,

which were similar to those that I withdrew on Report but are doubtless better drafted. They will make a huge difference to many of my constituents who would have been unable to sell their properties without them. In one or two cases, significant distress has been caused. I hope that Royal Assent happens quickly because, in at least one case, people are desperately waiting to proceed. Again, I place on record my thanks to the Under-Secretary and his officials, who were so helpful when I went to see him at the Department.

Lords amendment agreed to.

Lords amendments Nos. 21 to 28 agreed to.

Clause 74

RESERVED FUNCTIONS

Lords amendment: No. 29.

Jim Knight: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may discuss Lords amendments Nos. 30 to 31, and 42 to 55.

Jim Knight: Amendment No. 29 responds to a small but important point picked up by the Delegated Powers and Deregulation Committee in its helpful report. It noticed that, in clause 74, which deals with reserved functions, we had excluded from delegation various legislative or quasi-legislative functions but had not mentioned codes of practice. We agree that that should be done because codes of practice are often indistinguishable from guidance. We are happy, therefore, to make that small change.

Amendments Nos. 30 and 31 have the sole purpose of improving the clarity of the wording of the Bill.

Amendment No. 42 adds to the list of designated bodies in schedule 7 the joint committees of local authorities that discharge functions in relation to areas of outstanding natural beauty.

Amendments Nos. 43 to 55 relate to schedules 9 and 10. Those schedules list detailed provisions for part 8, chapter 2, which relates to agricultural levy bodies. The purpose is to put in place an explicit means of implementing the recommendations of the November 2005 Radcliffe report, which reviewed the position of the main agricultural and horticultural levy bodies. A public consultation on the report's findings was completed on 3 February and we expect to announce our decisions on the future levy board structure around Easter. The amendments set up a structure that would allow us to proceed after that consultation.

I ask hon. Members to accept the Lords amendments.

Lords amendment agreed to.

Remaining Lords amendments agreed to.

BUSINESS OF THE HOUSE

Motion made, and Question put forthwith, pursuant to Standing Order No. 15 (Exempted business),

That, at this day's sitting, the consideration of any Lords Amendments and Messages that may be received may be proceeded with, though opposed, until any hour.—*[Tony Cunningham.]*

Question agreed to.

Consumer Credit Bill (Programme) (No. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme Motions),

That the following provisions shall apply to the Consumer Credit Bill for the purpose of supplementing the Order of 9th June 2005 (Consumer Credit Bill (Programme)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion two hours after their commencement at this day's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Tony Cunningham.]*

The House divided: Ayes 310, Noes 212.

Division No. 207] **[7.28 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*

Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Dave Watts and Joan Ryan

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodwill, Mr. Robert
Gove, Michael

Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rogerson, Mr. Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Stuart, Mr. Graham
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Crispin Blunt and Andrew Rosindell

Question accordingly agreed to.

Consumer Credit Bill

Lords amendments considered.

Clause 7

FURTHER PROVISION RELATING TO STATEMENTS

Lords amendment: No. 1

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this we may discuss Lords amendments Nos. 2 to 5.

Mr. Sutcliffe: On Lords amendment No. 1, we believed that it was necessary to modify the wording of the proposed new subsection (2) in clause 7(3), to ensure no ambiguity in its meaning. It is a technical amendment that simply makes the wording clear and removes any potential for confusion by changing the word "his" to "the debtor's". I hope that hon. Members will support it.

On Lords amendment No. 2, the Government amended clause 20 in another place to remove subsection (4). Again, the amendment is technical. Clause 20(4), as it was, was intended to prevent the court from setting aside judgments previously made to give effect to the rule that a statutory jurisdiction to reopen a transaction does not enable the court to reopen one that has been subject to a previous judgment made by the court. It replicated a provision in the Consumer Credit Act 1974.

The Government reconsidered the impact of that provision in the light of current court rules operating in England and Wales, Scotland and Northern Ireland and concluded that subsection (4) would in practice serve as an impediment to the Government's policy intention—to enable consumers to access effective redress from the court under those provisions—and that the court rules should be allowed to apply to those provisions in the normal way. If we left the provision as it stood, before the Lords amendment, it would serve to lessen the benefits of the Government's policy on unfair relationships. Therefore, the provision is best left out of the Bill.

7.45 pm

Lords amendment No. 3 was tabled to clause 29, prior to Third Reading in the other place. Members of this House and noble Lords expressed their concerns about "irresponsible lending practices" during debates on this Bill. The Minister in the other place, the noble Lord Sainsbury of Turville, and I considered carefully the contributions of hon. Members and noble Lords on this issue. We thought hard about how the Government should respond. The Government believed that the wording of clause 29, as previously drafted, would allow the Office of Fair Trading to take account of "irresponsible lending practices". However, in response to the concerns expressed on both sides of both Houses, we concluded that there was merit in making explicit in the Bill the ability of the OFT to do that.

Given the interest expressed by hon. Members in the issue of "irresponsible lending practices", I should explain the amendment further. The Government

[Mr. Sutcliffe]

believe that the most appropriate means of addressing "irresponsible lending practices" is in the context of the OFT's powers to monitor and enforce the fitness of licence holders. With this amendment, the OFT, which is best placed to monitor changing practices in a dynamic market, will be able to provide guidance to licence holders on lending practices which, on the basis of the OFT's knowledge and experience of the market—

Mr. Ian Liddell-Grainger (Bridgwater) (Con): As the Minister is well aware, one of the big problems, is the policing of all these provisions. Whatever this place decides, and whatever legislation we send out to Britain, we still cannot control it. Does he agree that we must somehow tighten the Bill even further?

Mr. Sutcliffe: I am satisfied that the amendments, which were discussed in the Lords at great length, along with the debate that we had in the Commons on the Bill, have produced a tightened position. There was considerable discussion about irresponsible lending and we believe that the amendment, with the role of the OFT, is the appropriate way forward.

Mr. Mark Prisk (Hertford and Stortford) (Con): Further to the excellent question from my hon. Friend the Member for Bridgwater (Mr. Liddell-Grainger), the key point is not the quality of the legislation but the effectiveness of its implementation. Does the Minister understand that, because I suspect hon. Members are looking for an assurance on implementation?

Mr. Sutcliffe: As I move on, I hope that I will be allowed the opportunity to talk about the implementation plan, which may allay some of the fears that hon. Gentlemen have. Throughout consideration of the Bill, we have said that we are keen to ensure transparency in terms of policy objectives. We need to work with the organisations involved, whether the industry, consumer groups or the OFT, to make sure that the implementation is what we intend.

Mr. Michael Fallon (Sevenoaks) (Con): The phrase "irresponsible lending" is included but not defined in the Bill. Is it to be left to the OFT to define the powers that it will exercise? Can the Minister assure us about how the definition will be drawn up?

Mr. Sutcliffe: The hon. Gentleman raises a fair question and if he lets me progress in my speech, I hope that I can answer that.

The OFT would perform this role through its fitness guidance. That approach will allow the OFT to provide business with an indication of what types of conduct are considered "irresponsible lending practices". Businesses would therefore have some guidance on what they ought to avoid, while not being discouraged from seeking out new ways of addressing customer demand. That will be backed by a sanction available to the OFT of reviewing a lender's fitness to hold a licence if the lender engages in such practices.

Mr. Peter Bone (Wellingborough) (Con): The clause refers to "deceitful" practices. Would a practical example be the sending out of statements by credit card companies during public holidays so that the recipient has no chance of paying the bill before the specified date and therefore incurs a penalty charge?

Mr. Sutcliffe: I have made great strides in ensuring that I do not determine the qualifications from the Dispatch Box. I feel that it is better to leave the OFT to decide what constitutes irresponsible practices. The hon. Gentleman knows that the three spokespeople on the issue have been dealing with APACS—the Association for Payment Clearing Services—and studying the banking code to establish the position in regard to consumer credit card cheques. We will keep the House informed about the progress of those deliberations.

Mr. Edward Davey (Kingston and Surbiton) (LD): The Minister's answer on how irresponsible practices would be defined seems to contradict what he said on 14 July last year. Then, he said, "The amendment"—a different amendment—

"seems to assume that the test is somehow dependent on the OFT's guidance. It is not. The OFT's guidance is simply that: guidance."—[*Official Report*, 14 July 2005; Vol. 436, c. 1021.]

He went on to say that, ultimately, the courts would decide the definition of such tests and whether it was a question of irresponsible lending or of unfairness. Can he confirm that the definition will be decided by the courts, not the OFT, and that the OFT's guidance will ultimately have no legally binding effect on rulings?

Mr. Sutcliffe: The hon. Gentleman is right in the context of why I did not go into the definition of unfair lending and the unfairness test. As for the issue of guidance and support from the OFT, the response to points raised in both Houses was that it was thought best to give business some certainty about some of the practices that could be considered irresponsible lending practices, on the basis of the OFT's ability to develop a process in the light of its experiences and its responsibility for determining whether people are fit to hold licences.

I hope that Members in all parts of the House accept that the Government have listened and that we will discuss the issues with all the bodies that have helped to make this the Bill that it is—a Bill that is well respected and that has been subject to much consultation. I know that, given good will from Members, we shall achieve what we want to achieve.

James Brokenshire (Hornchurch) (Con): I welcome the introduction of the concept of irresponsible lending, which was debated in detail in Committee, but I have a question for the Minister. This provision relates to the granting of new licences on the basis of the "fit and proper purpose" test. Will he tell us more about ongoing monitoring? A new applicant may not have a track record, in which case it will be necessary to see what happens after a licence has been granted.

Mr. Sutcliffe: That will depend on how we implement the provisions following discussions with the industry. We have outlined the OFT's role on the basis of its

experience. As the hon. Gentleman knows, because we discussed it in Committee, the OFT already grants licences.

Mr. Philip Hollobone (Kettering) (Con) *rose—*

Mr. Sutcliffe: I am happy to give way, but I want to make some progress, because most of the amendments are technical. We have spent some time on this amendment because of the introduction of the new concept of irresponsible lending.

Mr. Hollobone: It is right for us to spend some time on that important issue, but I commend to the Minister the work of the citizens advice bureaux. Most of the complaints received by Kettering CAB concern the indebtedness of local people and it has built up a substantial body of evidence that would help him to define irresponsible lending.

Mr. Sutcliffe: I acknowledge the work done by citizens advice bureaux and other advice agencies. The hon. Gentleman will know of the Government's intention to allow the financial inclusion fund to give advice face to face and of our wish to find ways of helping people early to deal with the debts that they incur. He also knows of the regulations following our consumer White Paper, which offer help and support.

I am grateful to the industry for its work in offering mechanisms of support for people who find themselves in debt. I believe that we are all trying to achieve the same thing: transparent legislation that makes clear the responsibilities for both lender and borrower. However, we also want to do what we can to support the agencies that offer help. The hon. Gentleman will know of the "loan shark hunter" pilot schemes in Birmingham and Glasgow that offer advice to people who find themselves in debt to, and exploited to the limit by, the most horrendous members of society.

We have listened to what has been said to us about irresponsible lending. I hope and expect that we shall gain the support of the Opposition parties, given that, during the variety of debates in which we engaged, it was clear that they wanted us to take this step.

Lords amendment No. 4 is technical and would alter new section 36F(3) in clause 50 to ensure that the clause does what was originally intended. Clause 50 deals with officers of enforcement agencies other than the OFT. New section 36F(2) makes the OFT responsible for the actions of those officers while they are fulfilling their duties under section 36C of the 1974 Act, which deals with access to premises, and section 36D, which deals with access to premises under warrant. However, section 36F(3) disapplies section 36F(2) in the case of criminal proceedings against an officer of the enforcement authority. It does not currently mention the OFT and we believe that, for the sake of clarity, it should be specifically mentioned. The amendment clarifies the position as originally intended.

Lords amendment No. 5 addresses a key recommendation of the Delegated Powers and Regulatory Reform Committee, which reported on the Bill in October last year. The amendment makes an order under clause 68 subject to affirmative resolution in both Houses of Parliament, as opposed to negative resolution in either House. An order made under clause 68 can make changes to any other Act or piece of subordinate legislation that is necessary as a consequence of the Consumer Credit Act.

Mr. Davey: Can the Minister confirm that, if the Legislative and Regulatory Reform Bill is passed, the powers that it gives Ministers would mean that the amendment was superseded?

Mr. Sutcliffe: The amendment restricts the powers to affirmative resolution, because the Delegated Powers and Regulatory Reform Committee felt that they were too wide-ranging. We had a long debate in Committee about the need for affirmative or negative resolution in the case of various clauses, based on tradition and on what had applied in earlier legislation. However, we listened to what was said by the Delegated Powers and Regulatory Reform Committee and were happy to accept its recommendations in this case.

Mr. Davey: It is not that we disagree with the amendment. I think that the Government were right in another place to listen—eventually—to the recommendations of the Delegated Powers and Regulatory Reform Committee. My point is that a Bill that is being dealt with in the other place, having been scrutinised in this place—the Legislative and Regulatory Reform Bill—gives Ministers powers to change regulations willy-nilly, without coming back to Parliament. If we pass the amendment, will we merely give ourselves a breathing space of a few months because in due course Ministers will be able to disregard it?

Mr. Sutcliffe: I am sorry to have misunderstood the hon. Gentleman's point. He is right: the Legislative and Regulatory Reform Bill is going through its stages in both Houses. We do not expect the clause to be superseded by anything that appears in that Bill, but we shall have to see what happens during its passage.

Lords amendment No. 5 is technical, as are many of the earlier amendments apart from the one that deals with irresponsible lending, which we have spent some time debating.

I should like to say a little about implementation, because that has been raised with me. The Bill will be implemented as soon as is practical, with account taken of all stakeholder views. Some provisions may be implemented earlier than others; it will depend on lead times for preparation and interdependencies between clauses. The timetable for implementation will be refined after Royal Assent, in consultation with stakeholders. We have had a number of meetings with other Departments, the industry and consumer representatives, which will continue. We are also establishing two stakeholder working groups to inform the implementation process, one to look specifically at the implications of the Bill on IT system changes and one to examine the technical detail of the statutory instruments. We intend to publicise the final timetable towards the end of May. The Department will adhere to all relevant guidelines and best practice on implementation, such as the 12-week minimum for formal consultation periods.

I hope that, in the light of those explanations, the House will accept the Lords amendments.

8 pm

Mr. Prisk: I begin by thanking the Minister for his opening remarks and for organising the recent joint meetings of the various political parties with the Association for Payment Clearing Services. In these meetings, we have been looking at the key issues arising out of the Bill and, indeed, at matters that lie at the heart of amendment No. 3, to which the Minister alluded.

The Minister and I have debated on a number of occasions, but this, I believe, is the first time that we have debated a Bill across the Dispatch Box. Indeed, I must confess that I have not debated this Bill before. Although it was introduced twice last year—before the election and after—it was sent to the other place before I assumed my current role, so I am not as well versed in its detail as other Members, including a number of my colleagues, such as my hon. Friend the Member for Hornchurch (James Brokenshire), who has made a valuable contribution to the debate.

This is an important Bill and some of the amendments before us may improve its meaning and clarity. Sadly, it is not very difficult to make the Bill clearer. Indeed, the need for amendments Nos. 1 and 2 draws our attention to the considerable obfuscation that exists throughout the rest of the Bill. Here, I want to place on the record my genuine concern that, as with so much of this Government's legislation, the quality of the Bill's drafting leaves much to be desired. I hasten to add that that is the fault not of parliamentary counsel, but of those who instruct them. That is a particularly important point to bear in mind when we consider the central tenet of amendment No. 3: what the Minister and the Bill describe as the "unfairness test". After all, it was the Minister himself who told this House last June on Second Reading that the Bill has to be judged on the principles of "transparency, protection and fairness". If that is so for the Bill's substance, it should also apply to its language.

That is why we need to consider these amendments with great care. Several of them, particularly amendments Nos. 1 and 2, make predominantly technical changes, so I hope that the Minister will be prepared to put on the record his explanation for tabling them. He has made a welcome initial stab but there were a number of omissions, which I hope to address later. A willingness and ability on his part to respond to my points will help us with the implementation to which he referred. After all, transparency can be achieved not only through better legislation, but through well-chosen words from a Minister during a debate. It is such transparency that I seek this evening.

Amendments Nos. 1 and 2 would alter clauses 7 and 20 respectively. Although they are technical, I have some concerns about their effects, to which I will come in a moment. Amendment No. 3, which, as the Minister said, inserts new wording into clause 29, is directly concerned with what we have described as "irresponsible lending". *[Interruption.]* Here, the Minister's response will be particularly vital, and I hope that he is listening closely to every single word.

Mr. Sutcliffe: As always.

Mr. Prisk: Indeed, and I am sure that he will do so throughout this debate.

Mr. Bone: What worries me is that no practical examples have been given of what the wording means, which is no good for the industry or the consumer. I hope that the Minister will give such practical examples.

Mr. Prisk: I am grateful to my hon. Friend for that intervention and he is right: one key issue with all such legislation is ensuring that we think through its implementation. Sadly, that skill seems to be lacking on the Government Benches, but I have every confidence in the Minister and, hopefully, he will be able to shine in the darkness of his colleagues' abilities. However, we shall see. I am a generous soul and I am always happy to give the benefit of the doubt on these matters.

Mr. Mike Weir (Angus) (SNP): What does the hon. Gentleman regard as irresponsible lending? I am slightly concerned that some Conservative Members are trying to include in the Bill a prescriptive list. That would be very dangerous, because it is the nature of irresponsible lending that it can mutate, depending on when such a lender is found out and another appears.

Mr. Prisk: The hon. Gentleman is right to suggest that if we become too prescriptive, the danger is that we will tie the hands of the authorities involved. But I hope that during this debate, we can clarify the parameters within which those authorities will operate; indeed, that is perhaps the essence of our consideration this evening.

Mr. Sutcliffe: I do not want to interrupt the flow of the hon. Gentleman's argument—I appreciate that it might take him some time to get to the detail—but I should point out that amendment No. 3 would establish a licensing responsibility on the part of the OFT in examining the concept of irresponsible lending. He and his colleagues are widening the debate to include the unfairness test, but the amendment is concerned with the OFT's powers in relation to the licensing function.

Mr. Prisk: I would be very unwise were I to try to widen the tenor of this debate, Mr. Deputy Speaker, because I know that you would be the first person to bring me back in order. So although I understand the Minister's natural concern, I shall certainly do my best to ensure that we do not fall into that trap.

I have received a significant number of representations on amendment No. 3 that merit what I am sure will be a proper response from the Minister. Amendment No. 4 would amend clause 50, which deals with

"Officers of enforcement authorities other than OFT",

an issue to which I shall return in a moment. Amendment No. 5 seeks to ensure that the powers in clause 68 to modify certain legislation should be allowed only by means of the affirmative resolution procedure of the House, and not by the unsatisfactory negative procedure, a problem to which Members have referred before. So as I suspect Members can see, these amendments are of significance and will have important ramifications for those affected—lenders and borrowers, creditors and debtors alike.

Amendment No. 1 would amend clause 7(3) by removing the word "his" in proposed new subsection (2) and inserting the phrase "the debtor's". So once amended, it would state that

"the creditor need not give statements to any debtor who has signed and given to him a notice (a 'dispensing notice') authorising him not to comply in the debtor's case with section 77A or (as the case may be) 78(4)."

As Members will doubtless appreciate, although this is a technical matter it is also one of some substance. As I said earlier, transparency is indeed key to the whole Bill, and to that end, we welcome the use of the phrase "the debtor's" instead of the word "his", in order to clarify earlier references to creditors and debtors. However, if Members consider the context of new subsection (2), they will immediately notice the confusing aspects of the remaining drafting. The beginning of new subsection (2) states:

"Notwithstanding subsection (l)(a), where credit is provided under an agreement to two or more debtors jointly, in performing his duties—

(a) in the case of fixed-sum credit, under section 77A, or

(b) in the case of running-account credit, under section 78(4)".

That is followed by the part that I read out a moment ago, in which the phrase "the debtor's" is inserted for the word "his".

The Bill remains confusing and difficult, especially as what is proposed is to be inserted into the original 1974 Act. Does the Minister consider the language to be transparent?

Clarification of the Bill at this late stage is welcome, but we have consistently said that the fundamental problem is that it is vague and lacking in detail. Those problems persist, to the detriment of consumers and lenders alike.

Amendment No. 2 to clause 20 is small but equally significant. It would remove subsection (4), which at present states:

"An order under this section shall not alter the effect of any judgment."

As I was not clear what that meant, I looked at the background. Clauses 19 to 22 introduce a new unfair relationship test, as the Minister mentioned earlier. The new test will expand the number of factors that the court must take account of when considering the fairness of agreements between creditors and debtors. It will enable the court to decide whether a relationship between a creditor and debtor was unfair to the debtor due to the terms of the agreement, or the way that the creditor operated the agreement, or

"any other thing done (or not done) by . . . the creditor"

before or after the agreement was made.

Clause 20(4) was originally put in the Bill to prevent the courts from setting aside other judgments previously made, in line with the rule that a court cannot reopen a transaction previously subject to a judgment by the court. The comparison is not direct, but people will recognise that as resembling the double jeopardy principle. I am sure that my hon. and learned Friend the Member for Harborough (Mr. Garnier) will clarify matters if I stray too far in respect of judicial consideration in other types of court, so I shall not pursue the matter.

However, the Government subsequently reconsidered the provision's impact, and the Minister said earlier that it was decided that clause 20(4) would be an obstacle to enabling customers gaining effective redress from creditors via the court.

Mr. Davey: The hon. Gentleman may be doing a disservice to the Opposition Front Bench in the other place. Did not the Conservative Lord De Mauley first propose the amendment in the Grand Committee?

Mr. Prisk: I am not condemning the amendment. I want to ensure that it is implemented effectively. I have every confidence in Lord De Mauley, who is an excellent representative of my party in the other place.

The Minister will know that a very similar amendment was tabled in Grand Committee, as has just been noted. We welcome the Government's intention to remove an obstacle to consumers gaining effective redress through the courts. The Minister likes candour and a cross-party approach, so it is fair to say that the amendment is insignificant, in the overall scheme of things, when compared with the much bigger difficulties that the new unfair relationship rules present.

I shall not rehearse in detail all the points raised repeatedly in this House and the other place. However, the Minister will be fully aware of the concerns that have been expressed, and that various implementation issues remain unresolved. We support the general principle of a new unfairness test, but are concerned about the lack of clarity in respect of what that will constitute in practice. I want to use the debate to tease the details out in a positive way, so that they can be put on record.

8.15 pm

Mr. Sutcliffe: I am grateful to the hon. Gentleman for pointing out that it was the Opposition who proposed a similar amendment in the Grand Committee. That was withdrawn, and the Government put forward the amendment under consideration now. However, I assure him that he can say nothing to tempt me to change my view of the unfair relationship test. I hope that that will prevent him from going on too long. The hon. Gentleman can be eloquent, but he will not change my mind.

Mr. Prisk: The Minister is protective of my larynx, and I am grateful, but I want to ensure that the House as a whole is aware of the issues involved. My argument is not for his benefit alone, but is for consideration by all hon. Members. However, I appreciate what he says.

Mr. Edward Vaizey (Wantage) (Con): My hon. Friend joins a long line of hon. Members who have tried to tease a definition of unfairness out of the Minister. Indeed, I made a speech in Standing Committee that cited extensive case law and judgments in a detailed definition of unfairness. The Minister said that the new definition in the Bill reflected the Government's desire to tackle "all types" of unfair relationships. I made the point that the lack of further guidance leaves dissatisfied debtors in a very difficult position.

Mr. Prisk: I did not participate in the Committee debates, so I am grateful to my hon. Friend the Member for Wantage (Mr. Vaizey) for clarifying the background.

As I said, we are concerned about the lack of clarity with the unfairness test. Constituents are worried that, if the industry is not clear about the lending practices that are acceptable, it inevitably will be more cautious in its lending practices, to the detriment of the borrower.

[Mr. Prisk]

Without a thorough understanding of their chances of success in the courts, some consumers may be deterred from pursuing cases that, if unsuccessful, would only add to their financial difficulties, stress and problems. I am sure that hon. Members from all parties will have had that difficulty brought to their attention by constituents who have experienced it.

It is not a sensible approach for either lenders or consumers to have to wait for case law to develop before they can be clear about the law's parameters. Moreover, the vast majority of cases are likely to be of relatively low value, so will be litigated predominantly in the lower courts. They are likely to go largely unreported as a result.

Even with the amendment under discussion, there remains the risk of inconsistency. When the Minister replies to the debate as a whole, I hope that he will tell us what assurances he can give the industry and consumers that the new test will not prove unfair in implementation.

What safeguards will be put in place to ensure that courts give consistent rulings? That goes beyond ensuring that previous judgments are not set aside, and touches on the more important question of what the unfairness test comprises. Most pertinently, where will the burden of proof fall?

Concern has been expressed by a wide range of interest groups—including lenders such as Barclays bank and the Association for Payment Clearing Services, and consumer representatives such as the Consumer Credit Association—about the reversal of what some perceive as the normal burden of proof and the introduction of the premise that all relationships might be deemed unfair unless proved otherwise.

We are concerned that that might prompt many consumers to try their luck with a claim. Ironically, the consumers most likely to do that could well be those least able to afford to do so. That could be detrimental to them in the future.

Mr. Vaizey: My hon. Friend echoes the point that I made in Committee, which was that the absence of a definition of unfair is a lose-lose situation. Not only would lack of clarity harm the debtor, but it could also harm the creditor, because ambulance-chasing lawyers will try their luck.

Mr. Prisk: I am grateful to my hon. Friend. I was about to say that sometimes great minds think alike, but I am aware of how that phrase concludes.

Stephen Pound (Ealing, North) (Lab): Fools seldom do.

Mr. Prisk: I am grateful to the hon. Member for Ealing, Comedy—I am sorry, Ealing, North for reminding us.

On Report, we moved an amendment to provide that the Office of Fair Trading issue periodic guidance on what constitutes an unfair relationship. If definitions are not included in the Bill, will the Minister undertake at least to reconsider the scope for issuing guidance to clarify the situation for consumers, lenders and the courts alike? The key to an effective consumer credit regime lies in shared responsibility. Lenders have a duty to make responsible lending decisions, and data sharing, which the Minister and I have discussed both in the House and in his Department, is critical. Consumers also have to take responsibility for their borrowing and spending decisions but, sadly, many people do not have the financial literacy to enable them to do so. The Government thus have a responsibility to get the legislative framework right so that both lenders and consumers know where they stand.

Mr. Davey: Will the hon. Gentleman give way?

Mr. Prisk: I am just about to move on to amendment No. 3, but as there is a little time left, I will give way.

Mr. Davey: The hon. Gentleman is so generous.

Is not data sharing the key to greater transparency, as it would mean that irresponsible lending would be actionable and the provisions would actually work?

Mr. Prisk: The hon. Gentleman is right. Data sharing is crucial. His predecessor as Liberal Democrat spokesman had discussions about it with the Minister and me. The matter is proceeding, so perhaps cross-party consensus could be developed.

Moving from that consensual tone, I turn to amendment No. 3, which would amend clause 29 by inserting an additional subsection at the end of line 6, page 24. I shall not read it out as I am sure that Members have studied it. The amendment makes explicit the power of the OFT to take account of irresponsible lending when monitoring and enforcing the fitness of licence holders. As originally drafted, the Bill required the OFT to have regard to the

"skills, knowledge and relevant experience"

of any person applying for a licence in relation to consumer credit, consumer hire or ancillary credit services. It also required the OFT to bear in mind whether an applicant had

"committed any offence involving fraud, dishonesty or violence",

contravened any relevant law relating to consumer credit, engaged in discriminatory practices or business practices that the OFT judged deceitful—a point to which my hon. Friend the Member for Wantage (Mr. Vaizey) referred earlier—oppressive, unfair or improper.

In Committee, several Members on both sides of the House supported amendments to include a requirement that creditors lend responsibly. The Government originally resisted those proposals. However, as the Minister told us, considerable concern has been expressed throughout the passage of the Bill about the fact that debt in itself is not the problem, but that irresponsible lending and, therefore, borrowing can be. Lending to someone who is already up to their neck in debt is neither sensible nor responsible. It is good neither for the customer nor, in the end, the lender. In previous debates, here and in the other place, the Government steadfastly refused our calls for a specific power on irresponsible lending in the Bill, on the grounds that it would be difficult to define irresponsible and that including such a specific duty would require guidance as to what did and did not constitute irresponsible lending.

The Minister in the other place, Lord Sainsbury, stated:

"A positive duty to lend responsibly may, considered in isolation, appear attractive. However, by imposing such a positive duty, the consequence is that the guidance will need to provide lenders with sufficient information to comply with that positive duty. That would involve the compilation of a list of rules of what is and is not responsible lending."

He concluded:

"We want to encourage responsible lending. But we do not believe that the way to do this would be to include an unhelpful duty in the legislation or in guidance. We are convinced that it will lead to the development of a multiplicity of procedural rules, which we want to avoid."—[*Official Report, House of Lords*, 18 January 2006; Vol. 677, c. 742–43.]

We welcome the Government's willingness to recognise that that would not be the case in their U-turn on the matter. Does the Minister now believe that guidance on what constitutes irresponsible lending will not after all reflect on the concerns to which the Minister in the House of Lords referred and which were described as an inflexible tick-box approach? What particular aspects persuaded the hon. Gentleman of the change? He made some brief allusions in his opening remarks but he did not give us the full explanation. It would be helpful for us to understand the reasoning behind the decision.

As the Minister is aware, the Opposition expressed continuing concern in the other place that amendments may still not cover the irresponsible granting of credit; for example, where customers are offered further credit facilities for the purchase of furniture, kitchens or other big-ticket items, despite already being able to borrow thousands of pounds on credit cards. The Government's view is that the amendment will cover that issue as well as irresponsible lending. We hope that will prove to be the case.

The Minister is no doubt aware of the latest concerns expressed by industry representatives about the lack of definition. Members from various parties touched on that earlier. Only yesterday, I received representations from APACS—an organisation that will be at the heart of the Bill's implementation—that the lack of definition will give the OFT inappropriate power. Rosalind Sellers from APACS stated:

"This amendment gives the OFT powers to refuse credit licences based on an undefined concept of 'irresponsible lending'. We strongly support the principle of making what has been implicit throughout discussion of the Bill—i.e. the need to curb irresponsible as well as unfair lending—explicit at this stage. However, we are concerned that, in practice, the lack of definition will enable the OFT to define its own powers and then enforce them without consultation."

In previous debates, one of the Minister's arguments for excluding the provision was that it would be difficult to reach a definition. It would not be surprising if the Minister said that part of the problem is as much of our making as his, given that we pressed for inclusion of the provision. However, as he has conceded to our request, it is his duty as a Minister of the Crown to ensure that the Bill is workable. That, in essence, is my concern. So will he tell us his plans for issuing guidance to the OFT and creditors on the definition of irresponsible lending?

Mr. Bone: Are not we being asked to pass into law something that is not transparent, on which guidance will be issued only afterwards and which gives a lot of power to the OFT? That is not good for consumers or the industry.

Mr. Prisk: My hon. Friend's trilogy of concern sadly reminds me of so many Bills that the Government generate. They are not transparent and they are not workable in practice. Unfortunately, that is a regular feature. My hon. Friend is right; the amendments take positive steps, but there are concerns that they do not go far enough. I am concerned about the workability of the legislation.

Mr. Sutcliffe: I can fully understand why the hon. Gentleman—he was not with us in Committee—is going over some of the arguments that have been well rehearsed and, I hope, explained. Do I get the impression that he will not disagree with any of the Lords amendments? Will the Opposition vote against any of them?

8.30 pm

Mr. Prisk: I have always believed that, in a debate, one should listen to the argument first. I stick to that principle, and I hope that the Minister will understand why.

Lords amendment No. 4 relates to clause 50. I am sure that hon. Members realise that the Government are seeking to leave out from the word "against" to the word "in" in page 42, line 21, and insert the words

"the officer, the enforcement authority of which he is an officer or the OFT".

I suspect that hon. Members who, like myself, have not been familiar with the Bill for long would wonder what that meant. Lords amendment No. 4 is a clarifying amendment, designed to ensure that clause 50 will achieve what is intended. One would assume that the Government would have done that in the first place, but that is not always the case, as I am sure my hon. Friend will recognise.

Clause 50 deals with officers of enforcement authorities other than the OFT. Proposed new section 36F(2) of the Consumer Credit Act 1974 will make the OFT responsible for the actions of those officers, while they are fulfilling their duties under proposed new sections 36C and 36D, as the Minister said at the beginning of the debate. However, proposed new section 36F(3) disapplies that provision in the case of criminal proceedings against an officer or the enforcement authority—that is, the OFT will not be responsible in those instances. As originally drafted, proposed new section 36F(3) did not specifically refer to an instance where proceedings are brought against the OFT itself as a result of the actions of such an officer. Lords amendment No. 4 includes that situation for the purposes of clarification.

Again, the principle that underlies the Bill is welcome—it will introduce some clarity—but can the Minister give an assurance that, in his opinion, it contains no other instance of a similar lack of clarity about the respective roles of the OFT or any other agency? I look forward to hearing his reply, and I certainly want to ensure that it is on the record.

In Committee, the Minister suggested that the other enforcing authorities likely to carry out such activities on behalf of the OFT were most likely to be local

[Mr. Prisk]

authority trading standards officers. He went on to give an assurance that that work could not, and would not, be subcontracted out to other organisations or, for that matter, to the private sector. Can he repeat that reassurance? It was only a suggestion, as far as I can see from the record. Can he advise us about what statutory restrictions are in place to prevent the contracting out of those duties to inappropriate organisations or authorities?

Mr. Vaizey: The Minister in saying that there would be no subcontracting also said that no police checks would therefore be undertaken on any organisation carrying out such work. Therefore, my hon. Friend is making an extremely important and pertinent point.

Mr. Deputy Speaker: Order. The House has probably heard enough recapitulations of what was said in Committee. Such information is already available in printed form to all hon. Members, and I am sure that it has been studied ahead of the debate.

Mr. Prisk: I am sure that you are right, Mr. Deputy Speaker. It is important that we study these matters thoroughly, because they are of great concern.

We welcome the fact that the Government have accepted Lords amendment No 5, which was tabled by my colleagues in another place. As the Minister will recall, that amendment addresses a key recommendation of the House of Lords Delegated Powers and Regulatory Reform Committee, which specifically expressed the view that the powers in clause 68 should be subject to the affirmative rather than the negative procedure. We welcome the Government's rather belated acceptance both of that Committee's advice and of our amendment.

Clause 68 will allow the Secretary of State, by statutory instrument, to modify any Act or subordinate legislation as he thinks fit in consequence of any provision in the Bill. Those are sweeping powers, as hon. Members will realise. Can the Minister give us an indication of the kind of legislation that is likely to be amended as a result of that clause? Of course, as with most legislation that this Government generates, we would have liked less secondary legislation in the first place.

A lack of clarity in the Bill will simply lead to confusion both for those who will implement it and those who will be subject to it. What assurances can the Minister give us that orders and guidance published under the Bill will be produced in a timely manner, giving lenders, enforcement agencies and others a proper opportunity to prepare for implementation?

The debate has given us the opportunity to seek further clarification, which hon. Members on both sides of the House will wish to pursue. It is fair to say that I have raised a number of important points about the Bill's implementation, and I look forward to the Minister response. However, as I am aware that other hon. Members wish to contribute to the debate, I want to make some final points. One of our main concerns has been the lack of detail in the Bill. That concern has been recorded throughout the discussions that have taken place in the House. The Lords amendments under consideration today are relevant to two of our particular concerns.

Mr. Sutcliffe: I am a fool to myself, but I want to help the hon. Gentleman. He is arguing that lots more should be included in the Bill to provide certainty, but the other side of that argument relates to the implementation of the regulations that flow from the Bill and the industry's ability to deal with those issues. If all that is included in the Bill, it becomes too restrictive—it does not allow the opportunity to discuss the changes in systems—so he cannot have it both ways. That issue was raised throughout the debates in Committee.

Mr. Prisk: There is much merit in what the Minister says, except for the fact that we are always concerned that too many Bills are essentially shells. We are asked to take it on trust that the elements that fill them out will be as described. Although the Minister is an honourable man, it is always our concern to ensure that we understand that issue, which is the essence of my concern in this case.

As the Minister will know, widespread concern has been expressed throughout the industry about the timetable for the implementation of the Bill. Indeed, the Minister made that point at the end of his opening remarks. We recognise the fact that the Department of Trade and Industry has recently published an indicative timetable—not a final one—for the secondary legislation, guidance and consultation and that the industry welcomes that clarification.

Detail is essential not least to allow lenders to reconfigure IT systems, so that they can fully comply with the new legislation. For example, APACS has noted that, in its experience, the design, building and testing of IT systems can take 18 months from regulatory certainty to full implementation. Given the Government's record on botched IT projects, I hope that the Minister will have sympathy with the industry's concerns during the implementation programme and that he will be able to respond accordingly.

Finally, good progress was made on the Bill in another place. It is fair to say that we welcome the careful consideration that the Lords have given to the Bill. I trust that we will indeed have a useful debate today, and I look forward to hearing the Minister's detailed responses to the questions that I have had the opportunity to touch on today.

Mr. Davey: The House will be pleased to know that I will not take 39 minutes to make my remarks. I generally support the Lords amendments. My colleague the hon. Member for North Norfolk (Norman Lamb), who was in charge of the Bill for the Liberal Democrats when it was considered on Second Reading and in Committee, generally supported the Government's proposals, although he made some useful points of detail. In the spirit of his approach to the Bill, I, too, will support the Lords amendments tonight.

Lords amendments Nos. 1, 2 and 4 are very technical. They are basically drafting amendments and I have nothing to add to what has been said by the Minister and the hon. Member for Hertford and Stortford (Mr. Prisk).

On Lords amendment No. 5, I am still slightly worried by the Minister's reply to my intervention, in which I made the point that the Legislative and Regulatory Reform Bill, if passed, will make that amendment redundant. Liberal Democrat and other Members are very worried about that Bill and hope that it will not receive Royal Assent—obviously, that is for another time—but it is bizarre that we are debating Lords amendment No. 5 when its force may last for only a few weeks before that other Bill is passed. I hope that the Minister will correct the record, because I think that he was wrong earlier in his response to my intervention.

I want to focus my remarks on Lords amendment No. 3. The Government have listened to the debates in this House and the other place and have brought in the provision with respect to irresponsible lending to ensure that when the Office of Fair Trading grants a licence to a credit organisation, it can ensure that that organisation does not engage in irresponsible lending. That is a welcome development, but there are points that need to be probed.

Mr. Bone: Is the hon. Gentleman concerned that a licence may be granted and then, later on, unfair practices may come in? What are the powers to revoke the licence?

Mr. Davey: I thank the hon. Gentleman for that intervention. He makes an interesting point. I hope that the Minister was listening because he needs to provide the House with clarification on that point.

The concerns regarding the new provision—although it is widely welcomed—are about definition. We have heard that the hon. Member for Hertford and Stortford wants more prescription in the Bill. At least, he did at times, but in his reply to the hon. Member for Angus (Mr. Weir) he seemed to agree with the concern about being over-prescriptive. There is always a balance to be struck in legislation. The Government have sought to strike it by allowing the OFT to issue guidance. That is a settled view and I am not sure whether it will change as a result of tonight's debate. It is critical, in terms of the implementation of the Bill, that the guidance is timely and follows full and thorough consultation with the industry.

If the Minister says one thing in reply to my remarks, I hope that it will be that he will use every power that is open to him—I know that he does not have any strict legislative powers to command the OFT, given that it is an independent body under the Enterprise Act 2002—to ensure that the OFT hears loud and clear that this House wants to ensure that the consultation is comprehensive, thorough and engages with all the different players in the industry. It is important that the OFT is clear, as it plans ahead, in its consultation and in publishing the final guidance, because the industry needs to invest in IT systems. It needs to design, build, test and implement them. Although the Department of Trade and Industry has given an indicative timetable, as the hon. Member for Hertford and Stortford said, the industry wants greater clarity on that. The quicker the Minister and the OFT can provide that, the better. I hope that the Minister can say something on that tonight.

I would also like the Minister to be clearer about the role of future court judgments. Clearly, the definitions of irresponsible lending are ultimately testable in the courts. Although the OFT guidance will be the basis on which IT systems are implemented and new practices are developed, there could be a case in the courts in 12 to 18 months, or in two years, that overrides the OFT's guidance and changes the whole system.

Mr. Liddell-Grainger: If a subsidiary company of a main body did the lending, the OFT would have to follow that through the main company, the subsidiary company and all the way down. We have seen that with Barclays and many of the other big banks. Does the hon. Gentleman agree that one of the problems that the OFT will have will be enforcing the measure through subsidiaries? Who will it deal with?

Mr. Davey: The hon. Gentleman makes a good point. I hope that the Minister was listening. The question will be whether the licence is issued to the principal company or has to be applied for and then issued to all the different layers. I hope that the Minister can clarify that.

My point—the hon. Gentleman intervened to make a separate point—was about the role of future court decisions in defining what counts as irresponsible lending. I know that the Minister cannot pre-judge what the courts may say in a future case, but for the industry to make sure that it has some certainty and stability to invest, we need to make sure that the OFT's guidance and what the Minister says, tonight and at other times, assists that process.

Mr. Sutcliffe: We are running the risk of confusing the unfairness test and irresponsible lending. We want to be very clear that the courts will consider the concept of unfairness. The test of unfairness already exists within the framework of the financial services and affects many parts of the financial services regulations. The hon. Gentleman is talking about irresponsible lending, but we are not talking about a duty in relation to irresponsible lending. We are talking about the OFT considering irresponsible lending in relation to the fitness of purpose of a licence holder. There is a difference.

8.45 pm

Mr. Davey: I accept that, but let us imagine a situation in which the OFT has decided that it will not issue a licence to a particular credit institution because it believes that its previous lending was irresponsible. Presumably, the Minister is not saying that judicial review does not apply. I am sure that he would accept that if that credit institution was rather annoyed that the OFT had made that ruling and thought that it was unfair, it would surely be able to ask for a judicial review of the OFT. Perhaps I have misunderstood the 2002 Act. I hope that the Minister will reply to that point, because it is important.

I want to come back to the point that I made when I intervened on the hon. Member for Hertford and Stortford, because the issue of data sharing is particularly relevant to the point about irresponsible lending. If a credit institution were accused by the OFT of irresponsible lending, no doubt it would want to defend that to ensure that it got the licence. However, given that it will not have any powers—particularly in relation to people who had credit cards prior to the Data

[Mr. Davey]

Protection Act 1998 coming into force—how will the OFT be able to say that it has been lending in an irresponsible manner? The credit institution will not have been able to have access to the other debts and borrowings of the applicant.

To make sure that the new factor—irresponsible lending—works, can be implemented and makes sense, I hope that the Minister will move forward, with the Department for Constitutional Affairs, on the issues relating to data sharing. My hon. Friend the Member for North Norfolk led that debate when we considered the Bill previously. He wanted to make sure that the Minister would push ahead on the matter, with his departmental colleagues. Lords amendment No. 3, which we will hopefully pass tonight, cries out for some real effort to go into that aspect because it is the missing piece of the jigsaw. If we pass legislation without that piece, there will be a concern that, although the provision is clearly a major improvement on what has gone before, it is still not quite there. Will the Minister give the House some detail about the future timetable for dealing with that issue?

Mr. Weir: I shall be brief. I simply want to make a couple of points. Obviously, we welcome the amendments, which are sensible. The Minister said that Lords amendment No. 2 was a technical amendment, but I am not sure that I agree. It is an important amendment. Prior to being elected to this House, I earned my crust as a solicitor and I often had people come to me who had got themselves into financial difficulties. One of the problems was that many people did not come forward to seek help until they were very well into those financial difficulties. In many cases, they had court judgments against them. It was well nigh impossible to do very much about the situation by that stage. The amendment will allow the courts to reopen some of the cases where there has been unfair lending. That is important and I congratulate the Minister on the amendment.

My other point relates to Lords amendment No. 3. As I mentioned in an intervention, I was concerned about some of the things that were coming from Conservative Members on this matter. I recognise the basic point being made: that both lenders and borrowers want some certainty. I accept that, but my problem with being too prescriptive is that those who indulge in irresponsible lending can be very inventive in how they do so. The danger with being prescriptive is that we will not hit many of those practices. The Minister has approached things sensibly by laying down a definition and leaving the matter to the OFT, so that there can be some flexibility. I note that it is more than 30 years since the last such Act was passed. The Bill is a piece of major legislation and if we find that we have to amend it, it could be a long time before we can do so.

Mr. Bone: I understand the hon. Gentleman's point. Does he agree that we have not been given a single practical example of what the Bill would catch? I would like some of those before the legislation passes into law, if it is to do so.

Mr. Weir: I understand the hon. Gentleman's point. I am sure that examples could be given, but I would not want them written into the Bill because it is important that the OFT is given the flexibility to deal with dynamic situations that can move quickly. People who indulge in such practices find inventive ways of dragging people into such schemes. The Minister's approach is sensible and I strongly support it.

James Brokenshire: It is a pleasure to be locking horns with the Minister again on the Bill. I made my maiden speech on its Second Reading and have followed its progress through the House ever since. As a non-practising solicitor with some background in consumer credit, I have maintained a general interest in its passage.

We have heard that many of the Lords amendments are technical, and I would agree with that analysis. Lords amendment No. 1 obviously just changes around the wording of clause 7, and I have no issue whatsoever with that legal drafting point.

It was interesting to hear the discussions on Lords amendment No. 2, which will delete wording to ensure that previous judgments cannot act as a bar. The intention behind the Bill has been to try to ensure that there was a retrospective effect regarding the unfairness test. I remain disappointed that we have not gained the clarity that we wanted on the meaning of "unfairness", even at this late stage. It is interesting that previous judgments will no longer be a bar on the redress that a creditor may seek due to an unfair relationship.

The most interesting amendment is that to clause 29, which returns us to the debate on irresponsible lending. The Minister's analysis that the provision essentially relates to licensing, and is thus distinct to provisions on the ombudsman or the court, was correct. The unfairness test deals with redress, rather than licensing. However, I wish to follow up a point that I raised with him about the continuing nature of the provision. The clause relates to the determination of whether an applicant is a fit person for a licence. The word "applicant" suggests that we are talking about new applicants who want a consumer credit licence from the OFT. My question remains of what will happen when a person has been granted a licence by the OFT, given that clause 29 relates to the issues that the OFT will consider when determining whether to grant a licence.

I am aware that other aspects of the Bill, such as clause 38, which will insert proposed new section 33A into the Consumer Credit Act 1974, give the OFT the power to give notice to a licensee for purposes connected with

"addressing the matter with which the OFT is dissatisfied . . . or . . . securing that matters of the same or a similar kind do not arise."

I want an assurance that the interpretation of clause 38 will mean that the OFT will have the power to address matters in not just the context of new applications that it receives. Clearly, new applicants might not have much of a track record to show whether they satisfy the evidence test on engaging

"in business practices appearing to the OFT to be deceitful or oppressive or otherwise unfair or improper".

Lords amendment No. 3 is effectively further clarification on what those words mean, so irresponsible lending is, in essence, deemed to be a practice that is deceitful, oppressive, or otherwise unfair.

Mr. Bone: I am beginning to become very concerned as I listen to my hon. Friend. If the measure applies only to new licences, it drives a coach and horses through the legislation. We are worried about existing licences, so that point needs to be clarified.

James Brokenshire: My hon. Friend makes the point to which I was trying to allude. I hope that the Minister will give us clarification on ongoing enforcement and monitoring and the ways of ensuring that someone remains a fit and proper person.

Mr. Sutcliffe *rose—*

James Brokenshire: I see that the Minister wishes to intervene, so I hope that we will get clarification straight away.

Mr. Sutcliffe: I intervene on the basis that I might not get the opportunity to give answers in full, given the time constraints. The measure will apply to existing licences as well.

James Brokenshire: It is important that we have that clarification on the record. Given that the legislation is not a consolidating Bill, but merely inserts new measures into existing legislation, such clarification on what the follow-through will be is extremely helpful.

We come back to the definition of "irresponsible lending". There is some similarity between our consideration of that and our previous lengthy debates on the unfairness test. I have even asked the Minister a question about the unfairness test, and he kindly responded by promising to monitor closely the impact and effect of the test to ensure that it does not have unintended consequences. One needs to read both provisions together, although they are separate. The unfairness test relates to a creditor who wants redress trying to assert that the relationship that was entered into was unfair. However, when considering irresponsible lending, the OFT can examine both matters. It can consider whether someone has been unfair, even though it has said that it will not try to define that. I presume that it says that that is a matter for the courts because of the context in which the provision arose.

I hope that the OFT will be prepared to give more clarification on the meaning of irresponsible lending. My hon. Friend the Member for Hertford and Stortford (Mr. Prisk) talked about certainty. The industry needs certainty so that it can prepare properly and effectively for the implementation of the Bill. We will hopefully then not get into enforcement problems due to challenges on whether the provision has been infringed.

The question of clarity and certainty is germane. The hon. Member for Kingston and Surbiton (Mr. Davey) highlighted the fact that a balance must be struck. On the one hand, we need to provide protections, but on the other we do not want something that is too prescriptive. We debated in Committee why a prescriptive list that is an attempt to give certainty might lead to a box-ticking exercise, rather than providing the protection to creditors that we all want as a consequence of a Bill. If the system is too vague and uncertain, there is a risk that certain sectors of our community, especially people from socially disadvantaged backgrounds, will be denied credit—full stop. There is a risk that if the system is very vague and uncertain, lenders will say, "We don't know what this means, so we are not going to take any risks at all" and thus withdraw from a specific sector of the market.

Some providers lend small sums of money, but the annual percentage rate that they levy suggests that they are engaging in irresponsible lending. However, the monitoring process shows that they provide a service to the market that would otherwise be sucked up by loan sharks and unsavoury characters whose practices we hope the Bill will end. If there is uncertainty, credit could be denied to a sector of the market. Lenders already have to factor in the cost of risk, but because of the small sums involved that may appear disproportionate. I am deeply concerned that failure to provide clarity would have the unintended consequence of playing into the hands of loan sharks and illegal lenders who prey on the disadvantaged.

9 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Gentleman suggests that if borrowers were denied access to those lending organisations they would be driven into the hands of loan sharks and unsavoury organisations. However, there are alternatives, such as credit unions, that are certainly not unsavoury, in many parts of the country. Does he acknowledge that they are properly regulated and do not offer unfair or excessive lending terms? I should declare that I am a member of a credit union board.

James Brokenshire: I would certainly like to put on the record my appreciation of the work of credit unions. However, they are not accessible to everyone in those circumstances. We need to promote a diverse and varied credit industry. I hope that the Minister and the Department will continue to work with the industry to do so once the Bill is enacted. However, I fear that the industry may withdraw its services from certain parts of society if the law is not certain or if it is over-prescriptive. A balance needs to be struck.

My hon. Friend the Member for Hertford and Stortford referred to the briefing note circulated by APACS, which highlighted concerns about withdrawal from the market:

> "In practice we are concerned that the OFT will set an unnecessarily wide definition and that this will in turn have an impact on whom lenders choose to lend to."

Lenders should be more cognisant of the people to whom they are lending. That is the concept of responsible lending that Members on both sides of the House have sought to promote throughout the progress of the Bill. There should be greater responsibility, but not if that means that services are withdrawn wholesale from certain parts of the market. It is self-evident that the socially disadvantaged are in a difficult situation, so an extortionate credit bargain under the existing legislation could put them in a much worse position. People would not have access to direct or regulated credit, so they would fall prey to the unregulated sector.

There has been reference to the involvement of the courts. In exercising its powers, the OFT must be certain about its remit and the provisions that it seeks to

[James Brokenshire]

interpret. We have missed an opportunity by failing to spell out the concept of irresponsible lending in the Bill. In Committee, the Minister said:

"If we are very specific about an issue we could undo what we are trying to achieve."

I agree. He continued:

"For many, responsible lending imposes a requirement that lenders do certain things before extending credit. However, the things that a lender may take into account in the case of one debtor may be very different to those of another. It will depend on a debtor's circumstances.

Any duty to lend responsibly would mean defining what is, and what is not, responsible lending."—[*Official Report, Standing Committee D*, 28 June 2005; c. 93.]

Several months down the line, we have included the concept of responsible lending in the Bill, but we have not included a definition. I therefore hope that the Minister can explain where we can find such a definition, given his comments on the issue in Committee.

In summary, there is not certainty in the Bill about the meaning of responsible lending. I accept that a balance needs to be struck, but clause 29 deals explicitly with fraudulent, deceitful or oppressive practices. As a lawyer, I interpret things according to their context, and such practices suggest that a high standard would have to be breached before the responsible lending test were applied. Someone would therefore have to be guilty of an outrageous practice to breach that standard.

Mr. Bone: Does my hon. Friend agree that the Government appear to be against irresponsible lending, but they do not have the foggiest idea what responsible lending is?

James Brokenshire: The Bill does not provide any indication of what constitutes responsible or irresponsible lending, so my hon. Friend is quite right.

Mr. Jim Devine (Livingston) (Lab): Is irresponsible lending based on giving a loan, but failing to reveal who provided that loan?

James Brokenshire: I shall wait to see whether the Bill applies to us all in relation to any loans that may or may not have been made. It remains to be seen whether another Committee will decide to investigate its relevance to such matters.

The time allowed for industry to prepare for the Bill is of critical concern. We have already heard from my hon. Friend the Member for Hertford and Stortford that the proper implementation of the measure could take 18 months. I appreciate that the Minister can probably only take limited action in providing guidance and greater clarity, so such things may be left to secondary legislation and guidance from the OFT. I hope that that is sufficient to ensure a smooth transition for the industry. Throughout the Bill's progress, there has been a great deal of cross-party consensus about the need for a measure to update the Consumer Credit Act 1974, which is not fit for purpose, so I hope that we will use this final opportunity to do so.

Lords amendment No. 4 is a technical amendment. As a lawyer and a purist, however, I believe that it should refer not to "the officer" but to the "relevant officer", given that that term is used throughout clause 50. I would therefore be grateful if the Minister would confirm that "the officer" is indeed the relevant officer cited in that provision.

David Taylor: As life president of outsourcing watch and privatisation watch, could the hon. Gentleman comment on the suggestion made by his Front-Bench colleague, the hon. Member for Hertford and Stortford (Mr. Prisk), that amendment No. 4, which seeks to insert section 36F into the 1974 Act, would in some way catalyse outsourcing, privatisation or contestability, all of which are concepts dear to the hearts of people close to the power centres in the Government?

James Brokenshire: I do not disagree with what my hon. Friend said in the context of clause 50 and amendment No. 4, although if he wishes to clarify his comments I am sure he will use the opportunity afforded to him this evening.

Amendment No. 4 is largely technical. It also clarifies the role of the OFT. Without it, there would have been a problem if a criminal action had been launched against the OFT as to the responsibility and actions of persons to whom powers had been subcontracted or delegated. I welcome the clarification that the amendment provides.

Finally, I welcome amendment No. 5, which ensures that the affirmative procedure applies to the Bill. I echo the sentiments of the hon. Member for Kingston and Surbiton (Mr. Davey) with reference to the Legislative and Regulatory Reform Bill. Hon. Members are concerned about the meaning of legislation, and the Bill seems to drive a coach and horses through large amounts of legislation by means of statutory instruments. Although I welcome the more positive way of making regulations under the Consumer Credit Bill, I remained concerned about other aspects, but that is not a matter for the Minister in the present context.

I hope that when the Bill is enacted, it brings about a regulated market that offers diversity, flexibility and a range of credit facilities to everyone in a more responsible way, so that there will be fewer of the cases that many of us continue to see in our constituency caseload, where there has been an unfair relationship test or irresponsible lending. I remain somewhat sceptical, but I note that the Minister has undertaken to review the legislation in due course. During that review, I hope that we will have a further opportunity to see whether it has achieved the ends that it is intended to achieve.

Mr. Liddell-Grainger: I wish to respond to the comments made by my hon. Friend the Member for Hornchurch (James Brokenshire) and the hon. Member for North-West Leicestershire (David Taylor) about credit unions. Credit unions were set up to bridge the gap between loan sharks and genuine lenders. The growth of credit unions reflects the failure to regulate the industry properly in this country.

I put two questions to the Minister about credit unions. If a new credit union is set up, will a new licence be needed? All credit unions, as the Minister knows, are individual credit unions. They are not part of one group. They are set up by local people and therefore use local resources. If each has to apply to the Office of Fair

Trading for a licence and the applicant, under amendment No. 3, is deemed not to be worthy, how would the credit union continue to survive? One of the problems that credit unions face is that people can give 50p a week. No doubt the Minister will correct me if that is wrong. They therefore receive and give out tiny amounts, but they stop people falling into the hands of loan sharks.

I am sure that all hon. Members have had a chance to visit credit unions. If they have not, they should. Credit unions give people an opportunity. I would hate to see enforcement, regulation or any form of licensing that could affect them. The OFT is being given sweeping powers to carry out the functions set out in the Bill. It is a statutory body dealing with an organisation run by local people, who have neither the ability nor the expertise, unlike my hon. Friend the Member for Hornchurch, who is a solicitor—

9.15 pm

Mr. Sutcliffe: I am grateful to the hon. Gentleman for giving way. I should point out that credit unions will not be regulated under the Consumer Credit Bill. They are regulated under the Financial Services and Markets Act 2000, so they will not be subject to the tests that the OFT will apply.

Mr. Liddell-Grainger: I am grateful to the Minister. I am sure that credit unions throughout the United Kingdom and all the people who depend on them will be grateful too.

Mr. Devine: The hon. Gentleman clearly knows a great deal about credit unions, as I do. Does he agree not only that individuals and their partners should join credit unions, but that organisations such as local bowling clubs, cricket clubs and so on should be allowed to do so?

Mr. Liddell-Grainger: The hon. Gentleman's proposal has great merit. Perhaps the Minister will consider it and in due course table an amendment to that effect. He will have to revisit the subject when the OFT wants more powers.

My next point is about citizens advice bureaux, to which people turn when they have problems. In their surgeries many hon. Members will have dealt with cases of people desperate to get out of debt as a result of irresponsible lending.

Mr. Bone: Is my hon. Friend aware that the CABs are dealing with so many cases of debt that they can hardly cope? In my constituency, the Rushden branch is desperate for extra funding just to deal with debt work.

Mr. Liddell-Grainger: I could not agree more with my hon. Friend, and neither, no doubt, could the House. Most people who approach the CAB are struggling with debt upon debt, not one set of debt. They have taken out too many credit cards—too many lines of credit. The Minister will be interested to know that that is the major part of the CAB's job, and the problem is getting worse. I hope that the Bill will address it, otherwise I suspect that the Minister will be back before the House making sweeping amendments to the Bill. He shakes his head. I hope he is right.

There is another aspect of licences that may require further attention. I refer to the ability of international companies to trade. They can be based in any country and their subsidiaries can legitimately be based in the United Kingdom, as with many banks and other organisations. One of the problems is their ability to lend money in the United Kingdom. Regulation has been difficult enough through the Financial Services Authority and other organisations, let alone the OFT. The Minister will understand that international law enforcement to bring to book companies that have lent in the UK from an international base is almost impossible. The OFT has no power to do that.

Steve McCabe (Birmingham, Hall Green) (Lab): I do not doubt that international situations are difficult, as the hon. Gentleman says, but surely that is no reason not to proceed with the measures tonight.

Mr. Liddell-Grainger: I entirely agree. That is not what I am seeking to do. I am trying to clarify the position. I can see nothing in the Bill that addresses that. My concern is that people will take out loans, thinking that they are dealing with a British company that is administered in Britain, pays its taxes in Britain and comes under British company law. When something goes wrong and a company goes into insolvency or has its licence revoked, one has no recourse if it turns out that it is based in another country, which will probably not be in the European Union.

Mr. Bone: I hope that I am not about to steal my hon. Friend's thunder, but he has mentioned the European Union. Is there a European Union perspective to the matter, and should we take it into account?

Mr. Liddell-Grainger: I always hesitate to mention Europe in this place—but luckily, certain hon. Members are not in their places. I do not have a problem with people trading out of Europe—most of our companies have European subsidiaries—but I am thinking about a situation in which a European company has a subsidiary in this country.

Mr. Sutcliffe: I think that I shall have some sport: there is going to be a European consumer credit directive, and I hope that the hon. Gentleman will support it.

Mr. Liddell-Grainger: I was just about to come to that. Never mind my hon. Friend the Member for Wellingborough (Mr. Bone); the Minister has stolen my thunder—it is nice to have one's thunder stolen by the Minister, I suppose.

If we are to have responsible lending throughout the nations of Europe—in other words, through the European Union—and if the OFT is to give out licences, will we have to return to this place to invoke a European directive on a European credit Bill to police those licences? And will the subsidiaries be policed or licensed? My concern is that one cannot control subsidiaries. Consider how many credit cards the big five clearing banks issue through subsidiary companies—how many companies does a bank such as the Halifax own?

I defy anyone to know which company has actually issued a credit card. If one looks on the back of the piece of paper, there is a spiel, and right at the bottom it will

[Mr. Liddell-Grainger]

say, for example, National Westminster bank or bank of Scotland. Let us consider the case of Barings bank—a disaster of epic proportions. If there had been lines of credit cards and lines of loans, what would have happened? How could the legislation have been enforced in this country, because Barings bank was taken over by the Dutch post office, ING? I do not know whether that is still the case, and whether an overseas company could now be pursued in similar circumstances.

Company law is unclear on enforcement. If a licence is given, what checks will the OFT make on whether that company is solvent? The matter rests outside company law. If a new bank were to come in, credit checks would have to be conducted, which could be difficult. What powers does the OFT have to enable it to do that? I am not sure whether such cases are provided for in the Bill. As the Minister knows, the worst legislation leads to the Minister having to come back to this House to amend it. The Bill contains sweeping powers, but this matter is complicated. If there is a European consumer Bill, and if we face the complication of overseas lending, it will be difficult for this place to regulate it.

The success or failure of the Bill may lie not in what the OFT can do, but in its manpower, which is not enormous. I hope that we do not see Capita or some other organisation creeping in to control such matters, because: first, it is not regulated; secondly, it is not part of government; thirdly, it will be appointed to do a job on a contract; and fourthly, we will have no say whatsoever in the long term as to its actual operations. Will the Minister tell us whether there is a safeguard to stop the OFT subcontracting such work? Lords amendment No. 4 mentions:

"the officer, the enforcement authority of which he is an officer or the OFT".

An officer could be anybody, presumably, providing that they are given the power to do the job. There is no reason why such work could not be given to one of those very large companies that do an enormous amount of work within government. Will the Minister confirm that that is not the case? If it is the case, what are the safeguards? If there are safeguards, will they be included in an amendment, so the OFT cannot use them as an excuse to stop people lending, to make people worried about lending or to make companies that might want to lend think that they will not touch such things, because they involve outside influences?

Mr. Bone: My hon. Friend is making a powerful speech, and he has touched on the resources of the OFT. Does he envisage that the OFT will have to review all the licences when the law comes into force? What effect will that have on the manpower of that organisation?

Mr. Liddell-Grainger: My hon. Friend has made a valid point. As he has said, the rate of company acquisitions in this country is enormous. Credit lenders, both large and small, are taken over daily. If one buys a fridge from, for example, Comet, one enters into some form of credit agreement, which can be sold by that company to another credit company. Will the OFT check each such company from the start?

Mr. Stewart Jackson (Peterborough) (Con): Is my hon. Friend concerned about the efficacy of evidence taking in respect of the OFT, given the example of supermarkets, where there have been concerns about—for the want of a better word—reprisals against people who have given evidence to the OFT?

Mr. Liddell-Grainger: My hon. Friend has made a valid point. I was interested to hear my Front-Bench colleague, my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) discuss Lord Sainsbury, who issues quite a lot of credit lines to people who subscribe to his supermarket chain. There is nothing wrong with that—but how on earth would it be policed if the OFT did not have a database or background information? As I have said, I defy anyone to work out who is doing what. Will the OFT have the power to force those companies to let it know about such changes on a set date? Will such companies have 28 days or 14 days for compliance, and how will someone know whether their account has been moved?

I am sure that most hon. Members have mortgages—one or two of us have more than one—and one must know from whom one is borrowing money. There is no guarantee that the OFT will be able to police such matters in the long term. I am not convinced that the resources will be available for the individual companies to be put into their slots for the long term and controlled by the OFT.

Governments are very good at cutting resources, and we have seen too many examples of such organisations being slimmed down, in terms of manpower and resources. The Rural Payments Agency is a good example. If it goes wrong, who is responsible?

The Bill is delightful and will provide protection, but the underlying problem is that when big companies start to play, they do not care who they hurt. If they start to hurt the most vulnerable people in society, the credit unions and others are left to pick up the pieces. If we then do not let the OFT do its job, or we do not give it the powers, or it does not have the resources, the Bill will be worthless. I ask the Minister to ensure that that is built in.

9.30 pm

Mr. Sutcliffe: I said to colleagues that I expected this debate to be over quickly, on the basis that the Lords amendments were all agreed and there had only ever been one Division on this Bill both this time and before, when its predecessor was lost for lack of parliamentary time. I therefore had reasonable expectations that we would not go into the detail that we have tonight.

David Davis (Haltemprice and Howden) (Con): So did we.

Mr. Sutcliffe: Well, perhaps other issues have had an effect. We have had a good debate, which was conducted in the right spirit. We had some robust contributions, which did not necessarily hone in on the Lords amendments before us this evening.

I apologise to the hon. Members for Hertford and Stortford (Mr. Prisk) and for Kingston and Surbiton (Mr. Davey) for not welcoming them to their new responsibilities. We have had discussions in Committee recently and I am beginning to see those hon. Gentlemen far too often for my liking. We continue to have good natured debates.

There was reasonable support for Lords amendment No. 1, so I hope that everybody is happy with the distinction between "his" and "the debtor's". The wording is transparent and will provide the opportunities that we need. On Lords amendment No. 2, I am grateful to the hon. Member for Angus (Mr. Weir), who has raised many issues about legal certainty and judgment. I take on board his comments and thank him for his congratulations on the amendment.

The main amendment for discussion was Lords amendment No. 3, on the OFT's responsibilities in relation to irresponsible lending. There was confusion in some minds about the distinction between the unfairness test and the responsible lending function that the OFT will be able to take into consideration when performing its licensing function. I refer hon. Members to the debates on previous stages of the Bill, in which we tried to clarify why we were supporting that function for the OFT. I do not think that the hon. Member for Bridgwater (Mr. Liddell-Grainger) meant to attack the OFT, and it is true that the Bill will have resource implications for it and bodies such as the trading standards authorities, which act as enforcement authorities on behalf of the OFT when requested.

The hon. Member for Kingston and Surbiton raised the point on data sharing made previously by the hon. Member for North Norfolk (Norman Lamb). It is important, and the three Front Benchers have been talking to APACS and others about it. I have also talked to colleagues in the Department for Constitutional Affairs, and we will consult shortly on the issue.

Mr. Prisk: What I did not hear from the Minister on amendment No. 3 was whether there was a particular reason why he changed his mind and accepted it. What was the one thing that led the Government to accept the amendment, when they were so reluctant to do so previously?

Mr. Sutcliffe: It is easy to answer that. It was the power of the argument, especially from some of the noble Lords, from their experience on various boards. Lord Borrie had also been involved with the OFT. It was the weight of discussion and the opportunity for the OFT to have that power in the licensing function. I make the distinction between the licensing function and the duty to lend responsibly.

The Lords amendments are important to our discussion. We have gone through all the aspects thoroughly, both this evening and previously. The Bill has been well consulted upon. It became part of the process following the consumer credit White Paper, which again was fully consulted upon. The Legislative and Regulatory Reform Bill stands alone in that it has not completed its passage through the House. In amendment No. 5, we rightly acknowledge and respond to the concerns of the Regulatory Reform Committee in relation to clause 68. I have dealt with the point about data sharing.

Implementation is a key issue. A timetable will be produced. We are cognisant of the fact that there need to be IT systems changes, and experts from the industry will be seconded to the Department to offer advice and assistance when we draw up the various regulations.

This has been a thoughtful debate, and I hope that the House will support the Lords amendments.

Lords amendment agreed to.

Lords amendments Nos. 2 to 5 agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Electronic Communications

That the draft Communications Act 2003 (Maximum Penalty for Persistent Misuse of Network or Service) Order 2006, which was laid before this House on 6th March, be approved. —*[Mr. Roy.]*

Question agreed to.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

EC Treaty and Criminal Law

That this House takes note of European Union Document 15444/1/05 Rev 1, Communication from the Commission to the European Parliament and the Council on the implications of the Court's judgement of 13th September 2005 (Case C-178/03 Commission v Council); notes that the judgement will have an impact on criminal law measures agreed in support of community objectives; and supports the Government's view that as a general rule criminal law should remain within Third Pillar competence.—*[Mr. Roy.]*

Question agreed to.

DELEGATED LEGISLATION

Social Security

Ordered,

That the Social Security Benefits Up-rating Regulations 2006 (S.I., 2006, No. 712), dated 9th March 2006, be referred to a Standing Committee on Delegated Legislation.—*[Mr. Roy.]*

Mr. Deputy Speaker (Sir Michael Lord): Under the Order of the House of 13 February, any message from the Lords relating to the Identity Cards Bill must be considered forthwith, without any Question being put. A message has been received and the relevant paper is in the Vote Office.

Identity Cards Bill

Further consideration of Lords messages

Lords amendment: No. 22M.

9.36 pm

The Secretary of State for the Home Department (Mr. Charles Clarke): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Michael Lord): With this we may discuss Lords amendments Nos. 22N and 22O.

These amendments were tabled in the other place by Lord Armstrong of Ilminster. They were accepted by my right hon. and noble Friend Baroness Scotland on behalf of the Government and passed by an overwhelming majority of 227. They were also supported by Conservative Front Benchers, although I am not sure that the right hon. Member for Haltemprice and Howden (David Davis) agreed with their decision. In fact, there are many rumours about his chagrin, which are no doubt exaggerated, but I am sure that with his characteristic statesmanship he will be able to put the House straight on any of his personal concerns.

I note that Lord Armstrong's proposals were not supported by the Liberal Democrats in the other place, who sought to take yet another opportunity to do whatever they could to destroy them. I sometimes think that it is a little sad that the greatest achievement in the Liberal Democrats' history—the Parliament Act 1911—is being so betrayed by the Liberal Democrats who are currently in Parliament.

Simon Hughes (North Southwark and Bermondsey) (LD): Will the Home Secretary give way?

Mr. Clarke: No, I shall not

Earlier today, the Commons re-affirmed its view, for the fifth time, that those who apply for a designated document should have their details entered on the national identity register and be issued with an identity card. As hon. Members know, that was fundamental to the Government's approach in implementing the ID cards scheme, from our first consultation exercise in 2002. That was followed by a policy announcement in 2003, the draft Bill that the Home Affairs Committee scrutinised in 2004, the Bill that was debated before the 2005 election and the Government's manifesto commitment.

We have now agreed, as a concession-seeking compromise, that anyone who applies for a British passport could say that they did not want an ID card to be issued. However, that applies only to applications made up to 1 January 2010. As I have said during our debates, we have been constructive in seeking compromise on many points and I am grateful that Lord Armstrong, to whom hon. Members should give credit, has persevered in his honourable attempts to secure an agreement.

There are three critical points of difference between the amendment that he tabled in the other place, which was overwhelmingly agreed to, and his resolution, which we considered earlier. First, Lord Armstrong's amendment preserves the integrity of the national identity register. It ensures that the details of all applicants for designated documents will still be entered on it. That will mean that they will be afforded the protection that that will provide from identity theft. It will also provide the wider benefits to society by ensuring that attempts by people to establish multiple identities are more easily detected.

Lord Armstrong's acceptance of the importance and integrity of the national identity register was an essential point of his amendment in the other place at this stage. It was not covered in previous amendments and it is the key point that has enabled us to accept it. I observed the debate in the other place and Lord Armstrong made it clear that that first point was essential.

Dr. Nick Palmer (Broxtowe) (Lab): As my right hon. Friend knows, I introduced the original identity cards measure. Earlier today, I proposed the way forward that the Lords have now taken. Does he share my pleasure that the Lords have agreed that all applicants for a passport will go on the identity register so that we can make genuine progress, as our manifesto commitment outlines? In a non-partisan spirit, will he congratulate the Conservative party on reversing its position again?

Mr. Clarke: To be candid, I find non-partisanship on the issue difficult. However, in its spirit, I pay genuine tribute to my hon. Friend the Member for Broxtowe (Dr. Palmer), who has campaigned for identity cards for many years since his election in 1997. It has not been an easy pitch on which to bat but he has done it exceptionally well and made his case powerfully. I am glad that, today, Parliament has paid tribute to his work. Earlier, he drew attention to the critical importance of the national identity register. Lord Armstrong's acknowledgement of that has enabled us to support the amendment from the other place. The integrity of the national identity register has been the central point that enables us to accept Lord Armstrong's amendment.

Secondly, the amendment removes from the scope of any opt-out, designated documents other than the passport. The new amendment removes any opt-out from the residence permit, which specifies the right of third country nationals to reside in this country and the terms and conditions that they must honour. I noted from the earlier response of the right hon. Member for Haltemprice and Howden (David Davis) that he accepted the logic of that change

David Davis (Haltemprice and Howden) (Con): The Home Secretary is right. That is why I asked him to clarify the point earlier. The change improves and reinforces the relevant aspect of the Bill.

Mr. Clarke: I detected from the right hon. Gentleman's earlier response that he understood that point and I am grateful—in a non-partisan way—that he has.

Simon Hughes: In a non-partisan way, will the Home Secretary accept two points? First, Liberal Democrats, with whom he may disagree, have at least been consistent in opposing identity cards on principle and in practice. Secondly, for those of us who continue to resist

the ridiculous incursion of the state on the individual, if we all renew our passports now, we will not be subject to the ludicrous new system for probably 10 years.

Mr. Clarke: The Under-Secretary of State for the Home Department, my hon. Friend the Member for Leigh (Andy Burnham) dealt with the second point earlier. Consistency and idiocy are characteristics of the Liberal Democrats and I look forward to the response of the hon. Member for Sheffield, Hallam (Mr. Clegg).

Mr. David Winnick (Walsall, North) (Lab): Unlike my hon. Friend the Member for Broxtowe (Dr. Palmer), I have never been enthusiastic about identity cards and I have not changed my mind. However, I believe that, ultimately, the will of the elected Chamber must prevail. Among the critics, I am pleased—perhaps others are not—that the Home Secretary was willing to make some movement towards a compromise. I congratulate him on not being as dogmatic as he could have been. The compromise is acceptable, however much I dislike the scheme.

Mr. Clarke: I am very grateful to my hon. Friend for his comments. As I said earlier today, his position has always been clear. It is true to say that we have been flexible, but so too have Lord Armstrong and those in the other place in making important and significant changes. The first relates to preserving the integrity of the national identity register; the second to removing from the scope of any opt-out designated documents other than the passport—

9.45 pm

Lynne Jones (Birmingham, Selly Oak) (Lab): Will my right hon. Friend give way?

Mr. Clarke: No, I will not give way.

The third concession that Lord Armstrong has made is that, once the passport becomes a designated document, his amendment will provide for a time-limited opt-out for people applying for passports also to be issued with an ID card. I share Lord Armstrong's view, which he expressed again in the debate, that it will be a small number of people who choose to opt out. However, while those who opt out will not be able to prove their identity securely in a range of transactions with public and private sector organisations—that is the choice that they would make in opting out—they would also not be required to inform the authorities of changes in prescribed details such as their address. That obligation applies only to those to whom an ID card has been issued. If we agree to the amendments from the other place, as I hope we will, the opt-out will extend until 1 January 2010.

Lynne Jones: Will my right hon. Friend give way?

Mr. Clarke: No, I will not give way.

On those three key points, Lord Armstrong's amendment preserves the integrity of the national identity register, deals with the question of residence permits and documents other than passports, and proposes a time limit of 1 January 2010. These are important changes, and I repeat my appreciation for the approach that he has taken in seeking to secure agreement.

Lynne Jones *rose—*

Mr. Clarke: Before I give way to my hon. Friend—which I will because I am a generous, non-partisan type of chap—I need to point out that, in the other place, Lady Anelay suggested that these proposals meant that the audit log would not apply to those registered when applying for a passport in this initial phase. For the avoidance of doubt, I need to make it clear that that is not strictly correct. Once registered, any provision of information from the register will be logged, which provides a safeguard to the individual.

Lynne Jones: I thank my right hon. Friend for giving way. Will he tell the House something about the charges for the passport and the identity document? In particular, will those people who decline to receive an identity card be exempt from paying the charge of £30 or thereabouts?

Mr. Clarke: No, they will not—*[Interruption.]* Let me make two points. The overall pricing strategy for these documents will be determined after the Bill has received Royal Assent, as we have made clear all the way through. We have given a variety of indications about unit costs, and we have made various commitments in the House that will be honoured, but the actual pricing strategy will be determined on that basis. Secondly, concern was expressed in the other place—I cannot speak for this place—about the principle of whether a person should be required to have an ID card, as opposed to being on the national identity register. We are accepting the proposal from the other place for an opt-out on the principle of accepting an ID card, though not on the issue of the national identity register. In respect to the other place, its Members were very clear that the cost issues were not a matter of concern for them.

Several hon. Members *rose—*

Mr. Clarke: I will not give way.

The date of 1 January 2010 adds a little bit of uncertainty to the Government's plans for implementing the scheme, but we believe that that uncertainty will be manageable. That is a judgment that we have made in discussions with Members of the other place on these matters. Lord Armstrong's proposal has the support of the Government as one which, in our opinion, strikes a sensible and acceptable compromise. It is important that that is the case, and I again pay tribute to his work.

In drawing the ping-pong of this Bill to a close, I would like to express my appreciation to the people who have worked so hard on this piece of legislation: first, to my ministerial colleagues, and even to the Opposition spokespeople—and, indeed, Back Benchers—of all parties in both Houses who have worked so hard in this process. I know that it has been a difficult Bill, but people have sought to address it in a constructive and positive way, even when we have disagreed—except the Lib Dems.

[Mr. Clarke]

Secondly, I want to pay tribute to the staff of Parliament. They have dealt with what has been one of the longest ping-pongs with integrity and professionalism. On behalf of the whole House, I express appreciation for their work.

Thirdly, I want to express appreciation for the officials in the Home Office and elsewhere who have worked on the Bill. They are dedicated and they sought to give professional advice, without any partisanship, to everybody involved in the debate. I pay tribute to their work in developing and taking forward this scheme.

David Davis: Let me start by associating my party with the Home Secretary's final comments about the staff involved—his civil servants, the staff of the House and the support staff for all the parties. I include the Liberal Democrats in that, even though, despite the generous and non-partisan nature of which he made so much in his speech, he does not.

The Home Secretary started by attempting to tease me about my view on this amendment. The amendment reminds me of an old story told to me by a regimental sergeant-major some 25 years ago, which I shall repeat solely for the purpose of amusing the hon. Member for Ealing, North (Stephen Pound), who is in his place. The officers' mess had given the sergeants' mess a barrel of beer and the commanding officer asked the sergeant-major what they made of it and whether they liked it. He said, "It was just right, sir." The CO said, "Just right?" He said, "Yes, sir. If it had been any worse we couldn't have drunk it, and if it had been any better, you wouldn't have given it to us." That about sums up this amendment—just acceptable.

The amendment is a major concession by the Government in one respect—nobody who does not want an ID card need have one before the next election. That, of itself, is worth having. If the election comes at its latest possible date, there will be a small gap from January 2010 until May 2010, but people can avoid that, I guess, by buying their passport a few months early.

The Home Secretary referred to two unpalatable aspects of the compromise that he struck with Lord Armstrong, in which the Government drove Lord Armstrong away from his original intent. First, there is the maintenance of the requirement for entry on the identity register. Despite what he says, that is mitigated without the ID cards, because the information that goes with the ID card is limited—most perniciously, the so-called audit trail. The Home Secretary said what is legally correct—the audit trail will still exist. But, of course, the origin of the data for the audit trail is the ID card, so that will not be there.

Secondly, and more interestingly, the Government desperately resisted having the sunset date, on which full compulsion takes effect, after July 2010. They insisted that it should move forward to January 2010. Why was there such agony over those six months? The answer is obvious—they are desperate to avoid compulsion becoming an issue in the next general election. In that, they will fail.

The amendment mitigates and defers the worst aspects of a very bad scheme. It does not, however, cure the scheme.

Simon Hughes: Will the right hon. Gentleman give way?

David Davis: I will give way to the hon. Gentleman in one moment.

The Government have not met any of the tests that we set at the beginning of the ID cards process: on cost, there is a massive £19 billion bill; on effectiveness, it will fail to stop terrorism, immigration fraud, crime, fraud and ID theft; on privacy, all our fears have been confirmed.

Simon Hughes: The Liberal Democrats are not surprised about the position of the right hon. Gentleman's party now, as it has changed so often, but we are confused in one respect. If he shared, as he said in the House previously, the view that the iniquity was not just the card but the information being held on the national register, how is it now acceptable to his party that one need not have the card until 2010, but one has no opt-out from the blessed national register?

10 pm

David Davis: The hon. Gentleman cannot have listened to the last paragraph of my speech, that paragraph being my reason for not giving way to him immediately. The simple truth is that this is not a perfect amendment. It is the best that we are going to get out of this Government. We have a poor scheme. *[Interruption.]* The hon. Gentleman has debated the issue with me throughout the Bill's passage so far, and he should treat it seriously, as he well understands.

In my view, the mitigation will defer some of the worst aspects of the scheme, but it will not solve the problems. I should have liked to have no national identity register even after the next election, but we had no prospect of delivering that, as the hon. Gentleman well knows. His party's spokesman had a part in it.

Mr. William Cash (Stone) (Con): Will my right hon. Friend give way?

David Davis: I will not, if my hon. Friend will forgive me.

I will accept the Government's limited stay of execution, but I do not accept the Bill as a whole. It is still an unwarranted intrusion on the privacy of the individual. It is still ineffective, costly and potentially dangerous. It is still a massive reversal of the relationship between the citizen and the state. While I recommend that my party support the amendment, let there be no doubt that my first act when I take over as Home Secretary after the next election will be to do away with the Bill.

Mr. Nick Clegg (Sheffield, Hallam) (LD): It is worth my placing our objections to the amendments in the context of the Bill as a whole. The Bill has raised some of the most fundamental issues of principle imaginable. The introduction of identity cards will usher in one of the most far-reaching changes in British public life in

recent times. It will change, unalterably, the relationship between the individual and the state by massively increasing the quantity and scope of information held centrally by the Government on each and every British citizen. It will revolutionise the capacity of the state to monitor the movements and behaviour of each and every one of us. It erodes privacy, and in extremis it will curtail freedom—and, to boot, it comes at a cost.

Even after all the debates that we have had, we still do not know the true financial cost of the Bill. The latest independent financial assessment from the London School of Economics estimates that the Government will run up a whopping deficit of £1.8 billion in the first 10 years of its operation. We still do not know who will run it. We still do not know how the database will be organised, and the Government's lamentable record in running large IT projects raises serious questions over whether it will ever be run successfully at all. It is a monstrous expression of big, big government.

Mr. Cash: As an unrequited opponent of the Bill in principle, let me ask the hon. Gentleman a question about the disposition of the votes in the House of Lords. Is it the case that the Cross Benchers somehow or other pulled out in such a way as to guarantee that, if the measure returned to the Lords, there could not be the same result as on the previous occasion? In other words, has Lord Armstrong become rather economical with the votes?

Mr. Clegg: It is certainly true that the amendments before us now are very different, in two important respects. First, as has already been pointed out, they would provide an opt-out only from having the card: a person's details would still be entered in the register. Lord Armstrong's first set of amendments refer to the register rather than the holding of the card. Secondly, they introduce the sunset clause referring to 1 January 2010, which simply does not pass the acid test of falling on the other side of the latest conceivable date for a general election.

The Bill is also based, as we know, on a form of covert compulsion by the back door, despite the Government's own election manifesto commitment to the voluntary introduction of identity cards. That makes the Government's agreement to introduce separate primary legislation to usher in full-blown compulsion at a later date a largely redundant concession.

Mr. Charles Clarke: Does the hon. Gentleman concede that his own general election manifesto made specific reference to the proposals in the terms that we are now discussing? Admittedly his party was in opposition, but he was clear about the fact that this was the meaning of the proposals. The suggestion that this was "covert" is quite wrong.

Mr. Clegg: I am glad that the Home Secretary scrutinised our manifesto with the care and attention that we have devoted to that of his party. Our manifesto stated, dare I say, the flamingly obvious, which is that it was always the Government's intention to ram the Bill through as a compulsory measure—and that is exactly what they propose to do now, if on the slightly later date of 1 January 2010. We were right back then, we have been right throughout all these debates and we are right this evening.

That is why we have consistently argued that the British people should be given another opportunity at the next general election to judge for themselves this illiberal, expensive and possibly unworkable scheme. That is why we agreed with Lord Armstrong when he said yesterday:

> "There are a good many people out there who genuinely thought that the Government were proposing a voluntary scheme, and they were prepared to go along with it on that understanding".—[*Official Report, House of Lords*; 28 March 2006; Vol. 680, c. 651.]

And on that understanding alone. Incidentally, that is also why I found myself in unusual agreement with the right hon. Member for Wokingham (Mr. Redwood)—he is not here now—when he said this afternoon, "We cannot accept a compulsory identity card in this Parliament, given the Government's position at the election and the strong sense among our constituents that we want freedom in this country."

Simon Hughes: Does my hon. Friend accept that tens of thousands of people—possibly millions—share exactly the view expressed by the right hon. Member for Wokingham (Mr. Redwood)? The fact that the Government have gone back on their election undertaking and pushed this provision through Parliament does not mean that there will not be widespread resistance to it in the country. Many people simply will not accept that this Parliament has decided this issue on that manifesto.

Mr. Clegg: My hon. Friend makes a compelling point and I suspect that many people will renew their passports in the weeks leading up to the new compulsory deadline of 1 January 2010.

Of course we recognise the extent to which the Government have been forced to climb down and to defer the imposition of covert compulsion in these amendments, but this climbdown does not pass the key test: that any move to compulsion must, under all circumstances, occur after the latest possible date of the next general election. As has been said, it is also significantly less important as a concession than Lord Armstrong's original amendment, since it only allows people to opt out of having the cards; their details will still appear on the ID register.

I have admired and agreed with almost everything that the right hon. Member for Haltemprice and Howden (David Davis) has said about this Bill, but here we part company. He is prepared to go along with the Government's victory in ramming through compulsion during this Parliament on the basis that, in practice, things somehow will not be so straightforward. For us, second-guessing the precise timing of the next general election or predicting exactly what may or may or not occur between January and May 2010 can never be a substitute for an objection of principle. The imposition of compulsory ID cards must not under any circumstances occur before the electorate make their own views known where it counts—at the ballot box. That is why, once again, we will vote tonight—alone, if necessary—against the Government.

Steve McCabe (Birmingham, Hall Green) (Lab): I want to make a very brief contribution. I was a member of the Committee that considered the original Bill and it

[Steve McCabe]

seems to me that few Bills have been subject to as much debate and scrutiny as this one. I was interested to hear the hon. Member for North Southwark and Bermondsey (Simon Hughes) tell us that millions of people are against this measure. In my constituency, it seems that thousands are in favour of it, so I do not know where he takes the temperature.

I welcome the compromise on offer tonight. I thought for one horrible moment that we were going to witness the spectacle that the Tory party membership witnessed during their recent leadership election: the remarkable facility of the right hon. Member for Haltemprice and Howden (David Davis) to snatch defeat from the jaws of victory, or, in this case, from the jaws of a respectable draw. What we actually witnessed tonight was the alternative: him marching his troops to the top of the hill, screaming from the top of his voice that he is against every single measure in the Bill, and yet, at the end of the process, telling them to march back down and vote for it. If that is his principle, I am glad that I am on the Government side of the Chamber and not on his.

Lynne Jones: On what basis did my hon. Friend conclude that thousands of people in his constituency supported the measures in the Bill?

Steve McCabe: That is very simple: I regularly speak to thousands of my voters, and I listen to what they say. It is a simple process, and I commend it to my hon. Friend.

The provision will be tested in the future, but tonight's result means that we will be able to get on with introducing it. If people think that it is wrong, they can test it at an election and cause it to be undone. However, the goal has always been to protect people from dangers such as identity theft, fraud, and major, organised crime. Our constituents tell us that they care about such matters. the Bill gives us a chance to address them.

We have had too much delay. I am glad that we are at the end of the process, and that we can get on with implementing the scheme. We will then be able to tell who is right, and who is wrong.

Mr. Cash: I end this argument as I began it. I am not certain that there will be a vote—*[Interruption.]* It sounds as though the Liberal Democrats will press this matter to a vote, and it is with great regret that I must tell the House that I shall enter the Lobby with them, as a matter of principle.

I have fought this proposal from Second Reading onwards, and I have been joined by people such as my hon. Friends the Members for Aldridge-Brownhills (Mr. Shepherd) and for Buckingham (John Bercow), among others. Not all of them will know what has happened this evening, and some may therefore not join the Liberal Democrats in the Lobby.

It was astonishing to hear the Home Secretary argue, in the most spurious fashion, that he had three bases for accepting these amendments. The amendments were tabled by Lord Armstrong, who I said earlier was being economical with the votes—an adaptation of the expression "economical with the actualité", with which the House may be familiar. By the sound of it, the amendments represent a stitch-up with the Cross-Benchers in the House of Lords.

What are the three bases for the Home Secretary's acceptance of the amendments? He mentioned the integrity of the register. Could any word be less well chosen, in this context, than "integrity"? This is not a matter of integrity.

The Home Secretary went on to say that all information would be on the register, but I am glad to inform him that I shall be excluded from the provisions until 2016. That is simply because, by an accident, I happened to receive a passport and a driving licence only this week. All the other people in this country affected by this authoritarian and totalitarian provision will simply be overridden by what has been described as an "elective dictatorship". As a matter of principle, I find it impossible to support the proposals.

In conclusion, I have never before voted with the Liberal Democrats on a matter of constitutional importance, but that party's tradition goes back to the great Liberal party. It has departed from that old Liberal legacy, which remains a bastion and a beacon of independence and integrity when it comes to the country's constitution and our people's right to make their own choices.

The Bill should be excoriated and put in the dustbin. I shall not support it under any circumstances whatsoever.

Simon Hughes: I was warming to the hon. Member for Stone (Mr. Cash) until his last couple of phrases. However, I assure him that those of us who oppose the proposal are not saying that people should join us because it is a Liberal Democrat vote. The vote is against the principle so I hope that not only the hon. Gentleman realises what is going on, but that colleagues from all parties who have stayed true to their principles will continue to maintain their position.

The argument of the hon. Member for Birmingham, Hall Green (Steve McCabe) is flawed in one obvious respect. He says that we will be able to see how people respond when the Bill is passed. It is exactly because the Bill has been amended in this form by the Lords that we shall not be able to see people's responses so clearly. Until today, we were fighting the argument that there could be a choice. He and his Government are trying to ensure that there will be no choice.

I want to deal with the Home Secretary's repeated constitutional point. Today, he again lamented the fact that the House of Lords had stood so firm for so long. If there had been a clear Government manifesto commitment, the arguments about how the second non-elected Chamber should respond might have been different. But the Government manifesto was at least ambiguous, and many of us believe that their subsequent arguments were the opposite of their manifesto commitment. The other part of Parliament is thus absolutely within its rights to stand up to a Government who claim an unjustified authority.

The Home Secretary cannot deploy the argument against the Lords because they are hereditary, bishops or appointed. The current House of Lords was created by the Labour Government. It has been made up in its current form because of the policies of the

Prime Minister and the Labour Government. It is no good their complaining that the Lords are not doing what they are meant to do; the Government put them there, some possibly, as we have heard recently, in unacceptable ways.

Colleagues in our party argued the case consistently in the other place. It is a great regret to me and many people outside this place that Conservative and Cross-Bench colleagues and Labour Back Benchers did not stay with my colleagues and take the Government to the wire. It would have been a perfectly justified constitutional challenge and a reasonable defeat of the Government, and would have resulted in a much better Bill.

If the Home Secretary thinks this is the end of the matter, he is wrong. Many of us have made it absolutely clear that we will do everything in our power, personally and on behalf of other people, never to have identity cards or to be on a national identity register. I encourage everybody listening and watching to renew their passports now so that they will not have to be subject to the ID card regime for the next 10 years. I hope that many will do so.

The Liberal Democrats hope that the Government lose their majority—not just their moral majority but their majority support among the British public, which they lost a long time ago—but also their majority in the House of Commons. They won only 35 per cent. of the vote and were backed by only 20 per cent. of the British public, yet they have a majority in the House of Commons. When that majority goes too, one of the first things that my colleagues and I will insist on in the next Parliament is that the ID card legislation is reversed.

We are happy to go to the country in defence of liberty, to oppose an increasingly authoritarian Government. That is true to our traditions, and the British public will respond far better to us than to the Bill, with its new powers of enforcement, even if there is a Labour majority for the proposal in the House of Commons tonight.

Dr. Palmer: Very briefly, because we have all been debating the Bill for sufficient time, I should like to reaffirm the basic principle that the Armstrong amendment reaffirms this evening: as each individual in Britain renews their passports, and later, after the next election, we hope that for each individual throughout the country, everyone's identity will be secured, so we will not have a situation where others can pretend to be us. Like my hon. Friend the Member for Birmingham, Hall Green (Steve McCabe), when I consult my constituents, there are those who are in favour; there are those who are opposed, but I know no one who has argued that we should delay and delay until 2010 or beyond. So there is overwhelming support for the principle that we ought to get on with it, that we should get the register working and that we should get that protection in place for the British people.

10.15 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): Through certain of our laws, this country has defined its character, and there are some laws that are of particular importance. Through our common law and our statute law, we can trace a finger to show why we are an independent, free and liberated country. If there was a message that we sent around the world, it was the concept of our liberty. It was reiterated through the declaration of independence of the United States and the constitutions of Australia, Canada and New Zealand. That is the tradition of which we are part.

Today we are faced with the final round of a Bill that restates who we are: we are the servants of the state if the new Labour Government prevail in the passage of the Bill. It looks a lost cause, but I believe profoundly that this nation is more vibrant and more lively and that it will in the end not tolerate this nonsense. If we look to the history of who we are and we stand firm by the belief in the individuality and autonomy of the citizen, we know that the measure gives unto the Government the central control of information through a register that may or may not be secure, and the information that we have had from people who understand these matters is that no system can render secure the information that is our personal data.

On the proposition of the Government therefore, the House is now prepared to launch billions of pounds in an experiment that not only diminishes the people of this country, but beggars them in a sense: it beggars them in liberty, but it beggars them through taxation, too. For what purpose is this engineered? The rules of the game have changed, we are told. To what extent does that mean that we must surrender the first presumption of every citizen of these islands that we are free, independent and not the servants of the state?

The House should go out with a ringing defiance of a majority predicated on party, because this is a measure that extends beyond the sense that we are loyal party men or women. We are representatives of something stronger, deeper, longer and more intense than anything that the Home Office now presents to us as the settled will of the new Labour Government. I agree with much of what has been said this evening: people will unpick and begin to understand about all those who will provide information to the Government, who say that they deserve to know all about us. What about the derelicts under the bridges beneath Waterloo? What about the old and confused? What about the mentally anxious?

Those are the people who will be squeezed to try to remember who they are, but we will remember who we are. One day, this Government will experience the wrath and indignation of a country that understands that this is not a small social measure; it is in fact a declaration by Government that the centralised state is more important and greater than the sum of every individual free citizen of the country that we were sent to represent. We should oppose to the utmost and to the end this benighted and wrong Bill.

Lynne Jones: I will be brief. I just want to make two points. First, the Information Commissioner said:

> "The measures in the Bill go well beyond establishing a secure, reliable and trustworthy ID card."

Secondly, none of our fellow states in Europe is going down the route of having the central database. Indeed, the European Commission's data protection working party believes that the centralised storage of biometric information on a centralised database presents an increased risk of data misuse. I share its preference for

[Lynne Jones]

information to be kept on a smart card that is within the control of the individual. The Lords amendment does not address any of those issues. For the privilege of being involved in this draconian scheme and having their data on the centralised database, even those who do not wish to have an identity card, but want to have a passport, will have to pay £30. I remain opposed to the legislation.

Stewart Hosie (Dundee, East) (SNP): I will be brief. There is no real compromise in the amendments for UK citizens. They do not change the compulsory inclusion on the central biometric database, merely the carrying of an identity card. Although there is a time-limited opt-out in the amendments, that is only for carrying the card and that time limit ends prior to the last date possible for the next general election. That is important. This series of measures has been opposed, at least until tonight, by six Opposition parties and many Labour Members. It is a shock that the Conservative party has capitulated at this late hour. The measure is a fundamental shift in the relationship between the citizen and the state.

The Labour manifesto offered a voluntary scheme, not a compulsory one. Notwithstanding the power of the Labour Whips, given that a manifesto that offered a voluntary scheme was supported and backed by some 21.6 per cent. of the electorate, it was incumbent on the Government to accept the longer time-limited opt-out to allow the proposal to be put before the electorate at another election.

Many on the Labour Benches—indeed, many in the Chamber—will remember the opposition to the poll tax. When the scale of the opposition to carrying an ID card or to being included on a central biometric database rises to the scale of the opposition we saw to the poll tax, I fear that the entire edifice will collapse. Our resistance to the central database will continue.

Dr. William McCrea (South Antrim) (DUP): I have listened with interest to the remarks that have been made. At the beginning of the whole debate, the Home Secretary pointed out that the measure was essential in the fight against terrorism. Those who come from Northern Ireland certainly have a great interest in that, because we have been doing that for more than 30 years, particularly and personally. Many of our colleagues have suffered grievously because of that. However, at the time when the Home Secretary was presenting the measure as so essential in the fight against terrorism, we could not understand why the scheme was going to be voluntary and was going to come in in 2008. Now we hear the date of 2010.

It is interesting to note that a Labour Member, speaking about how essential the measure was, said that it would aid the fight against crime, fraud and identity fraud, but seemingly someone can be a criminal or a fraudster, or be involved in the identity fraud game, up until 2010. As far as my colleagues and I are concerned, on the fight against crime or terrorism we believe that if something is essential, it is essential now. However, it seems that the measure is to do so with something other than the fight against terrorism. It is like Big Brother desiring all the details of the citizens of the United Kingdom. My colleagues and I will vote against the Lords amendments.

Sir Stuart Bell (Middlesbrough) (Lab): It is a pleasure to follow the hon. Member for South Antrim (Dr. McCrea), who always speaks with experience. His experience was missed for many a year in the House, but he is now with us again.

It is said often—you know as well as I do, Mr. Deputy Speaker—that it is true that everything that can be said has been said, but not everyone has said it. At this stage of this Bill, everything that could be said, either in the other place or here, has in fact been said. I will thus not particularly draw out my remarks.

The hon. Member for Sheffield, Hallam (Mr. Clegg) used his notes copiously, and copiously did he use them. May I give him some advice? He will be better off in the future if he puts more of his thoughts into his mind, rather than reading them from paper. He also said that the Bill was rammed through, but if I may say so, that shows a lack of intellectual rigour in his remarks. My hon. Friend the Member for Birmingham, Hall Green (Steve McCabe) said that the Bill has been subject to scrutiny.

I wish to be kind to Liberal Democrat Members. I could say that their speeches are sanctimonious and filled with cant and hypocrisy, but I would not wish to cast aspersions on any particular Member. I have sat in the Chamber for many a year listening to the same kind of speech, but they have not had the slightest effect in the country or anywhere else.

I hold the hon. Member for Stone (Mr. Cash) in high regard. He made a fine speech, but I must remind him that he made the same speeches under the Government of John Major. He literally hacked that Government to death, but when it came to a vote of confidence, he found himself in the same Lobby as John Major. If the hon. Gentleman wishes to find himself in the Lobby tonight with the Liberals, Godspeed to him.

Mr. Cash: The hon. Gentleman is trespassing on a matter of some importance. I simply say to him that if the vote of confidence had gone the other way, his party would have come into government with a more federal Europe than we would have achieved under the Maastricht treaty.

Sir Stuart Bell: We might also have brought about the kind of economic reforms that we saw from 1997.

Let me make some kind remarks—I hope that they are kind—about the hon. Member for North Southwark and Bermondsey (Simon Hughes). He reminded me, if I might go into Shakespeare, of the blasted heath of "King Lear":

> "I will do such things,—
>
> What they are, yet I know not; but they shall be
>
> The terrors of the earth."

I am sure that the country will take that into account. He urged the country to take note of him through our television screens, although, of course, that is against the rules of the House.

I will finish with a kind word for the hon. Member for Aldridge-Brownhills (Mr. Shepherd). I simply say to him that Edmund Burke would be very proud of him tonight.

Question put, That this House agrees with the Lords in the said amendment:—

The House divided: Ayes 301, Noes 84.

Division No. 208] **[10.29 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunt, Mr. Crispin
Bone, Mr. Peter
Brokenshire, James
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Butterfill, Sir John
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Cooker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Diamond, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Engel, Natascha
Etherington, Bill
Fabricant, Michael
Farrelly, Paul
Field, rh Mr. Frank
Field, Mr. Mark
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Garnier, Mr. Edward
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gillan, Mrs. Cheryl
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Patrick
Hamilton, Mr. Fabian
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Hayes, Mr. John
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Mr. Greg
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lansley, Mr. Andrew
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
McNulty, Mr. Tony
Meale, Mr. Alan
Mercer, Patrick
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Penrose, John
Pickles, Mr. Eric
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Read, Mr. Andy
Read, Mr. Jamie
Reid, rh John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stuart, Ms Gisela
Stuart, Mr. Graham
Sutcliffe, Mr. Gerry
Syms, Mr. Robert
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen

Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Turner, Mr. Andrew
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Ian Cawsey and
Kevin Brennan

NOES

Abbott, Ms Diane
Afriyie, Adam
Alexander, Danny
Baker, Norman
Baldry, Tony
Barrett, John
Beith, rh Mr. Alan
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Clegg, Mr. Nick
Corbyn, Jeremy
Davey, Mr. Edward
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Galloway, Mr. George
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Hollobone, Mr. Philip
Holmes, Paul
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jackson, Mr. Stewart
Jones, Lynne
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
McCrea, Dr. William
McDonnell, John
Moore, Mr. Michael
Mulholland, Greg
Newmark, Mr. Brooks
Öpik, Lembit
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Rogerson, Mr. Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Shapps, Grant
Shepherd, Mr. Richard
Simpson, David
Smith, Sir Robert
Stunell, Andrew
Swinson, Jo
Taylor, David
Teather, Sarah
Thurso, John
Wareing, Mr. Robert N.
Webb, Steve
Weir, Mr. Mike
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wilson, Sammy
Wishart, Pete
Younger-Ross, Richard

Tellers for the Noes:
Jenny Willott and
Mr. Roger Williams

Question accordingly agreed to.

Lords amendment No. 22M agreed to.

Subsequent Lords amendments agreed to.

PETITIONS

A46

10.43 pm

Patrick Mercer (Newark) (Con): I am grateful for the opportunity tonight to present a petition on behalf of nearly 3,000 people from north-east Nottinghamshire concerning the dualling of the A46. You will be glad to hear that I shall be brief, Mr. Deputy Speaker. In the past six months, that road has accounted for just under 60 casualties. It is strangling Newark in terms of business opportunities and making sure that we cannot fully achieve the business potential that the town so desperately needs. That road needs to be dualled in order to link Newark with Lincoln and with Leicester and Nottingham in the other direction. Unless that 17-mile stretch of road is dualled in the near future, we will continue to have a disproportionate number of casualties and the town will continue not to achieve its full potential. Plans have been implemented to make sure that dualling occurs, but it now seems that those plans will be delayed indefinitely or even scrapped.

The Petition of residents of Newark and others,

Declares that the petitioners believe that the case for dualling the remainder of the A46 in Nottinghamshire is irrefutable, and that authorisation for the project is long overdue. The single carriageway road forms a dangerous bottleneck in the high speed route from the M1 at Leicester to the A1 at Newark. The petitioners are alarmed that the Secretary of State's expressed intention to provide a speedy solution to a key problem in the strategic highway network might be thwarted.

The Petitioners therefore request that the House of Commons urge the Secretary of State for Transport to confirm that the programme for dualling the A46 in Nottinghamshire will not be further delayed.

And the Petitioners remain, etc.

To lie upon the Table.

Children's Play Areas

10.45 pm

Mr. Stewart Jackson (Peterborough) (Con): I present a petition that

Declares that Peterborough City Council has removed a number of children's doorstep play areas from North Bretton, against the wishes of the residents. A petition of some 347 signatures was raised over a period of two weeks, to request that the equipment be reinstated. The areas removed were an important part of the community, and had been in place for over 30 years. Their value was immense with regard to community spirit and local children's daily exercise, some of whom do not have gardens of their own.

The Petitioners therefore request that the House of Commons urge the Government to take action to encourage the City Council of Peterborough to listen to the residents' wishes and reinstate the doorstep play equipment.

And the Petitioners remain, etc.

To lie upon the Table.

Friarswood Primary School

10.46 pm

Paul Farrelly (Newcastle-under-Lyme) (Lab): I am grateful for the opportunity to present a petition on behalf of Friarswood primary school in Newcastle-under-Lyme—a wonderful school, attended by many of my friends when I was growing up in the town. It is a school that does so much for inclusion and special needs in my constituency. The petition has been signed by 2,448 parents, relatives, past pupils and local residents.

The petition states:

The Petition of the SaveFriarswoodPrimary.com Campaign,

Declares that Friarswood Primary School should not be closed based on the results of statistical projections and conjecture commissioned by Staffordshire County Council and/or its agents.

Further declares that it has a site, buildings and facilities that should be preserved for primary and special educational use for the foreseeable future.

The Petitioners therefore request that the House of Commons ask the Secretary of State for Education to recognise that the Friarswood Primary School has been awarded the DfES Schools Improvement Award twice in recent years and offers tangible benefits not recognised by statistical analysis and urge her to recommend that it stay open to service the needs of the local population despite a temporary reduction in intake.

And the Petitioners remain, etc.

To lie upon the Table.

Kent Science Park

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Dhanda.]*

10.48 pm

Derek Wyatt (Sittingbourne and Sheppey) (Lab): This is the third time that I have raised the issue of the Kent science park in the House. On 14 July 2004 I had an Adjournment debate on the issue, and on 2 February 2005 I had an Adjournment debate on the Kent and Medway structure plan in which I mentioned the science park. So I am extremely grateful that I have again been given the opportunity to raise the issue of the future of the Kent science park in my constituency.

In 2004 the Minister responding was my right hon. Friend the Member for Streatham (Keith Hill), but he is now PPS to my right hon. Friend the Prime Minister. The Minister who responded in 2005 is now a Minister in the Department for Education and Skills. I make no apology, therefore, for raising the issue yet again, because Ministers and indeed Departments move, sometimes more frequently than we would like. It is important that this issue remains in the in-tray at the Office of the Deputy Prime Minister.

The Kent science park is still affectionately known locally as the Shell research centre. Shell had two research centres, and in one of its rationalisations closed the one just outside Sittingbourne in the mid-1990s. It was a blow to the town, because in many ways, it had been our postgraduate university. Many of its 900 staff could be found as leaders in our community. When it closed, part of the town died.

In due course, the research centre was bought and renamed the Sittingbourne research centre. It had the job of trying to attract small businesses of any description to the 116-acre site. There were several different owners, but gradually it attracted some science-based companies, some public sector organisations and some non-science-based companies. It has never been 100 per cent. full, and to my knowledge, is only 70 per cent. full at present. It has always had a more general business ownership than strictly science.

In the middle of 2004, Sittingbourne research centre, now owned by the De La Salle pension fund, which is part of the secretive Mars organisation, relaunched itself as the Kent science park. The new owners were smart. They persuaded my right hon. Friend the Deputy Prime Minister to join them in their relaunch, and from the outset this so-called association has made our local villagers from Bapchild, Rodmersham, Milsted, Tunstall and Bredgar assume, wrongly, that that meant that the Government had given their blessing and were working secretly with De La Salle to approve its grand expansion plans, of which more anon.

In Swale borough council's local plan for 2007–17, we have been asked by the Government to agree an additional 8,000 homes. I should add at this stage that as a result of the water shortage in Kent, I have written to my hon. Friend the Minister for Housing and Planning to ask her to put an immediate stop notice on all future build until the water shortage is resolved. It is madness for us, as the Government, to promote the notion of sustainable communities when not only do we face a water shortage, but it looks as if by 2020 we shall face a power shortage too.

[Derek Wyatt]

We all know that the planning laws favour the developer. It is a huge sadness to me that after almost nine years we have not produced sufficient legislation to change the balance of power between the developer and the local community. In Sittingbourne and Sheppey, such is the quality of the leadership in our Tory councils at both borough and county level that almost every section 106 has failed to be taken up. There has been no new primary school at Warden Bay, no school at all at Thistle Hill in Halfway, and no additional recreational support for our great rugby clubs at Sheppey, plus no shops, pubs or village halls on the Meads estate. Moreover, what starts as 350, 500 or 750 houses in an initial plan always ends up as 550, 780 or 920. It is no surprise to me that there is sometimes a disconnection between our citizens and the political process.

Where is that more evident than with the Kent science park development? My constituents are involved in a cat and mouse chase. Kent science park cannot get enough adhesion to its ideas, so it is ducking and diving at every level. For instance, in the recent Kent and Medway structure plan—page 16, policy NK3, Swale 25—it says:

"Purpose of the proposed modification was to acknowledge the need for new access arrangements to serve Kent Science Park whereas it refers merely to 'improved' arrangements."

It continues:

"Description of development of Kent Science Park"—

this is the critical part—

"as a 'technology and knowledge-based cluster' would be more appropriate than 'science based cluster'".

The critical aspect of that is that if "science" is changed to a "technology and knowledge-based cluster", there does not have to be an affiliation with an academic institution. One of our bones of contention has been that there was no connection whatever to any international or national university.

Let me draw to the Minister's attention the scale of science and technology parks in the United Kingdom. I quote from the 2004–05 and 2005–06 UK science park statistics:

"Number of operational Science Parks ... around 60 ... Property in square metres ... around 1.2 million ... Number of jobs in tenant companies ... around 50,000 ... Number of tenant companies 2204 ... 62 per cent. of tenant companies are independent single site companies ... Only 15 per cent. of companies are Bio-related ... 45 per cent. of companies have 1–5 employees ... 30 per cent. have 6–15 employees ... Less than 8 per cent. have more than 50 employees ... Around 62 per cent. occupy between 1–150 square metres, with only 18 per cent. occupying more than 400 square metres."

One can conclude from those statistics that the average science park employs around 861 people, the average number of tenants is 40, and the average floor space is 20,909 sq m. Kent science park currently has 56,000 sq m of floor space, nearly three times the national average. It wishes to create an additional 145,000 sq m of floor space, which means that it will account for approximately 17 per cent. of all the science park floor space in the United Kingdom. Kent science park is already one of the largest science parks in the country. At 116 acres, it is larger than Oxford science park at 75 acres and just a little smaller than Cambridge science park at 152 acres.

The owners of Kent science park plan to expand to more than 300 acres. The park will be required to expand its company base from 84 to approximately 375 companies. The largest employers in the park, which account for a large proportion of jobs, include Amicus Response Ltd, a housing association call centre and Galleon BBC magazine distribution centre. One can therefore get a feel of how much science is currently on the site.

At no time has De la Salle Investment Management introduced a plan to redevelop the current site of 116 acres. Unsurprisingly, neither Kent county council nor Swale borough council have demanded that. Both should be ashamed of themselves. There is substantial space on the current site for it to improve what it wants to do without developing on a greenfield site.

Science parks have become the vogue, and in all cases, they are attached to universities. Leeds university, Leicester university, Bristol university and Bath university announced science technology or innovation parks in 2001. Liverpool university and Liverpool John Moore's university followed suit in 2004. Interestingly, they are funded by the local regional development agency. London, too, followed suit. More recently, Nottingham and Nottingham Trent have also announced science parks.

The Chancellor of the Exchequer is a science enthusiast and has increased science research funding substantially in successive Budgets, but at university level. At the same time, he has ensured that our investment in share option tax breaks are better than those of California. According to last year's league tables in "The Times Good University Guide", notwithstanding the usual reservation about league tables, Kent was placed 44th and Greenwich was 94th. However, Kent has one newcomer, which constitutes the most stimulating part of the discussion. It is Imperial college, which is currently in Kensington, but owns Wye college near Ashford.

Imperial is ranked third in the UK, after Cambridge and Oxford, but first in technology and science. Although it is a university college of London, it recently announced its determination to become a full-blown university. Imperial is hampered by its location at Kensington, and it could not develop a science park except on its site at Wye.

I was the only Member of Parliament who attended the Kent and Medway discussions on science parks in September 2004. Kent county council said then that there was no intention to develop a science park at Ashford. However, late last year it announced a £1 billion science and technology park to be based at Wye college and run by Imperial and Kent county council.

I am not sure that one can have two science parks in Kent—one in Sittingbourne and the £1 billion science park. There is simply not enough investment or companies. If I were a young entrepreneur and I had a choice, I would choose Imperial, because of its history, rather than an independent science park.

The downgrading of the Kent science park to a technology cluster means that it will be no more than a glorified business park. The Minister should seriously consider asking the Thames gateway to downgrade the Kent science park as a flagship project, because it has been superseded by events at Imperial.

Let me state some of the things that the Kent science park wants to do. According to its website yesterday, it wants to increase its floor space to 145,000 sq m. It wants a new £29 million motorway junction and southern relief road to connect the science park to the M2 and A2. It wants approximately 5,000 new dwellings—on top of the 8,000 that my community has already been asked to provide in the next 10 years. It wants a £3 million enhancement to the public transport system as a link to it, through the provision of additional buses and bus routes. We are not sure who will pay for that. It is prepared to put down a £5 million endowment for providing the academic campus but I believe that that, again, that is superseded by Imperial's intentions.

Kent science park wants to create a country park and a conservation park totalling 54 acres, but we already have a country and conservation park, called South Sittingbourne—a very beautiful place that houses five wonderful Saxon villages. I do not see the point of breaking up the countryside and putting it back in an artificial place, as is being suggested.

One of the reasons why Kent science park wants to do that is that the Government have provided £25 million for a northern relief road called the northern distributor road, which will give the 6,500 people who go to the Eurolink industrial estate every day fast and easy access to the estate without having to clog up the centre of Sittingbourne. Kent science park now wants to build a southern ring road to match the northern ring road. The game is this: it hopes that the Government will also pay for the southern ring road, even though there is absolutely no economic reason for it. And when we say that we are not prepared to build it because it is the responsibility not of the Highways Agency but of Kent county council, Kent science park will say, "Now we will have to build the 5,000 houses, because under section 106, that will allow the funding for the £28 million road."

We do not like the game that Kent science park is playing, because it is not representing what we feel that we need in our community. I hope that my hon. Friend understands that there is a great deal of concern about this in the five parishes—which contain 3,500 of my constituents—about the pace of this process, which goes against the feel and flavour of what we would like in our community for the next 10 years.

We have a local plan hearing after Easter, at which the future of the Kent science park will be debated, and of course I recognise that the Minister is hamstrung, because of the quasi-judicial role of his Department. I understand that he cannot comment too much on the matter tonight.

The only people who will benefit from the expansion of the Kent science park are the pensioners who benefit from the pension funds of De La Salle and Mars, the two farmers who own the land, and the consultants. After all, this will not be a science park; it will not offer added-value jobs for my community. It will be an ordinary business park, and we already have substantial business parks in the community, and substantial space left to develop for the next 10 years.

I will finish in a moment, but before I sit down, will the Minister tell me whether the De La Salle team can withdraw their plans at the local inquiry in April, May and June and appeal over the heads of the system directly to the Office of the Deputy Prime Minister? In conclusion, I can put it no better than Michael Peters did in a letter to the local paper. It was headed:

"Time for another Wyatt's revolt".

The letter reads:

"More than 450 years ago, when Wyatt's rebellion broke out in Kent, the government in Whitehall began to quake. Roger Truelove's letter"—

published in the *East Kent Gazette* on 27 October—

"gives grounds for hope that history might repeat itself. The Deputy Prime Minister is rumoured to support the Kent Science Park plan for a huge new commercial zone sprawling across the fields of Tunstall—five times the size of the present one—bringing traffic hell to our roads as streams of vehicles drag through the town to the site. Maybe our present-day 'bloody Wyatt' (seemingly more effective than his 16th century namesake) can stop this dreadful plan in its tracks."

I hope that that will be the case.

11.2 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): I congratulate my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt) on securing another debate on the subject of the Kent science park. He has raised two key themes: the role of the Office of the Deputy Prime Minster in the planning process and the role that Kent science park may have in the regeneration of the Swale area as part of the Government's Thames Gateway programme.

On that first point, I would like immediately to reassure my hon. Friend that the Government are not pre-determining planning applications on this or any other site. Our national planning system is very clear on this, and we have a robust set of planning guidance to support it. Decisions of this nature on site-specific allocations and on determining planning applications will be made by the relevant planning authorities. Where applications involve a departure from existing policy—and following the planning authority's determination—the Government, via the Government Office, will take a view on how to respond.

I need to say—my hon. Friend will have heard this before—that the Government have made no decisions about the expansion of the science park. As there is no planning application at present, the Government are not commenting on the proposed development. As my hon. Friend acknowledged, that could prejudice the Secretary of State's position. Pre-application discussions may well be happening at regional and local level, but it is not for me or my Department to comment. I am aware that the emerging Kent and Medway structure plan, the local plan and south-east plan suggest that economic expansion is something to be considered, and that the Kent science park is recognised by local authorities as a key employer in the area. I would, however, like to reassure my hon. Friend that there is no way to circumvent the planning process.

My hon. Friend will be aware, following his earlier parliamentary questions, that officials from the Office of the Deputy Prime Minister have met and exchanged correspondence with Kent science park. That, however, is in respect of Kent science park and its location within the Thames Gateway area. As a major employer, consisting of some 85 businesses, and with its record as one of the fastest-growing science parks in the country—I listened carefully to my hon. Friend's

[Jim Fitzpatrick]

qualification in respect of the definition of a science park—it is only right that local and national officials dealing with the Thames Gateway have the freedom to engage with this company and arrive at the correct judgments.

In the Thames Gateway, there are almost 4,000 hectares of brownfield land—17 per cent. of the south-east's total—located between London and mainland Europe. That is a massive area of market failure and relative deprivation, lying amid the buoyant economy and prosperity of the rest of London and the south-east. Not surprisingly then, the regeneration of the gateway, as a national and local priority, has been in progress since the early 1990s.

The Thames Gateway is an opportunity to deliver growth alongside regeneration—a regeneration that is physical, economic and social. It is an agenda for change—the chance to impact on whole communities in a positive way and enable them to share in the prosperity historically enjoyed by their neighbours. That is why some £450 million from the ODPM's budget is being specifically targeted on projects in the gateway, and some £6 billion of Government spending is going into the gateway to help to create the infrastructure needed to support growth and regeneration.

Significant delivery is starting to occur. For example, last weekend the new Fastrack buses began their first services from Gravesend to Dartford in Kent Thameside. In Medway, the new university campus at Chatham Maritime is open for business and helping to almost double student numbers in the area at that unique facility, which is shared between five higher and further education institutions. In my hon. Friend's constituency, the completion is approaching of the new crossing between Swale mainland and the Isle of Sheppey—some £100 million of investment in transport making a real difference to the area's regeneration opportunities. That is on top of some £25 million that has already gone from the ODPM towards a range of local infrastructure needs, ranging from brownfield land assembly and the community consultation work at Queenborough and Rushenden, to creating new vocational learning centres, such as that at Sittingbourne community college.

To make such transformational changes and enable regeneration to occur, we need to be mature about the assets that we have and our priorities. We need to make sure that the economic conditions are correct to accelerate growth. That will be part of the focus for the new strategic framework, which the ODPM is currently taking forward in consultation with all our main local partners. The new framework will clearly set the direction for the future of the Thames Gateway.

With that in mind, we should not be thinking about downgrading Kent science park. It is an economic asset for the Swale and north Kent area, and local partners, including Kent county council, Swale borough council and the South East England Development Agency, need to consider carefully the role that it can play in aiding regeneration of the area. However, any expansion plans will need to be considered with regard to the normal planning process.

To conclude, our planning process remains in place and remains robust, the Thames Gateway continues to gather steam, and by the end of this year we will benefit from a more focused vision that local and national partners will both have agreed. That will act to boost our delivery of growth and the related benefits to local people within the Thames Gateway. I hope that my hon. Friend is reassured by my comments about the planning process. Obviously, I will be happy to continue this dialogue, which previous Ministers in my position started, and I look forward to speaking to him about the matter in the near future.

Question put and agreed to.

Adjourned accordingly at nine minutes past Eleven o'clock.

House of Commons

Thursday 30 March 2006

The House met at half-past Ten o'clock

PRAYERS

The unavoidable absence of MR. SPEAKER *having been announced,* THE CHAIRMAN OF WAYS AND MEANS *took the Chair as* DEPUTY SPEAKER, *pursuant to the Standing Order.*

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Gershon Process

1. **Mrs. Nadine Dorries** (Mid-Bedfordshire) (Con): What recent representations he has received on the implementation of the Gershon process. [62322]

The Chancellor of the Exchequer (Mr. Gordon Brown): Reductions in posts so far have been 40,000 gross and 33,000 net, as we achieve the Gershon purpose of releasing resources for front-line services. To further this aim, we have today, while accepting the recommendations of the pay review bodies, staged the awards for judges and senior civil servants—including Ministers, MPs and consultants—with an initial award of just 1 per cent. from 1 April. Nurses will receive 2.5 per cent. immediately and, granting them with progression awards, average rises of 5.2 per cent., as we match anti-inflation discipline with fairness. Average rises in the public sector pay awards will be 2.25 per cent.

Mrs. Dorries: I thank the Minister for his reply. I wonder whether he saw the damning "Panorama" programme on Sunday night called "The NHS blame game". I wonder whether Gershon is to blame for hospitals closing, wards closing and thousands of nurses losing their jobs.

Mr. Brown: As a former nurse—I welcome her to the House—the hon. Lady should know that there are 79,000 more nurses in the national health service. There are 27,000 more doctors in the national health service. Even in the last year, as deficits have been adjusted, there have been thousands more people working in the national health service. That is the why there are a quarter of a million more operations taking place in the health service now than there were under the Conservatives.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): Will my right hon. Friend accept our congratulations on the great success that he is already having in increasing front-line services in the national health service? Will he have a look to see whether it is possible, as part of or in addition to the Gershon review of non front-line services, to introduce a policy of natural wastage, which is probably the fairest way? Those who, for one reason or another, leave the service could be replaced by recruitment from within, promotion from within or redeployment from within.

Mr. Brown: I am grateful to my hon. Friend. In the Department for Work and Pensions, some redeployment has been taking place already to new front-line services such as helping single parents into work and helping with our incapacity benefit reforms, and we will continue to do that. In addition, I announced last week in the Budget that there would be zero settlements for the Home Office between 2008 and 2011 and minus 5 per cent. settlements for the Treasury, the Cabinet Office, Her Majesty's Revenue and Customs and the Department for Work and Pensions. So we will continue to release resources by administrative savings for front-line services. The difference between ourselves and our opponents is that we will release resources to improve front-line services whereas they simply want to cut public services.

Dr. Vincent Cable (Twickenham) (LD): How does the Chancellor reconcile his proposal to make 5 per cent. real annual cuts in the Inland Revenue and the DWP, which is much more than Gershon thought prudent, with his overall strategy of trying to deal with poverty by extending mass means-testing, which relies much more on those Departments? Is there not a lack of joined-up thinking here?

Mr. Brown: May I first welcome the Liberal Democrats shadow Chancellor to his new job as deputy leader of his party. He has come a long way since we jointly worked on Labour party tracts in the 1970s. The last shadow chancellor to become deputy leader of the party was Roy Jenkins, and he walked out of both jobs within a few months. At least he went to better paid jobs as a result.

On the issue of poverty, last Wednesday in the Budget I showed that if we could combine the rise in the child tax credit with getting more single parents back into work we could take 300,000 more children out of poverty. I just hope that the Liberal party will reconsider its position on these issues. The single most important factor—Opposition Members should recognise this—in taking children out of poverty in the past few years has been the introduction of the child tax credit and helping single parents and others into work. That has taken 700,000 children out of poverty. The measures that I announced last week will take another 300,000 people out of poverty. No party in the House has produced an alternative plan to take so many people out of poverty. More children have been taken out of poverty in the past few years than in any period for 40 years.

Kerry McCarthy (Bristol, East) (Lab): I welcome my right hon. Friend's announcement of the increased pay for nurses. That will make a great deal of difference. It will make a great deal of difference to nurses working in my constituency. Does the Chancellor agree that it is in the spirit of the Gershon review that we move resources from back-line to front-line services?

Mr. Brown: That is absolutely what we are trying to achieve. We want to move resources from back-office services by means of technological change to the front-line caring services, especially in the NHS. My hon. Friend will notice that the average salary for a nurse is going up today from £27,000 to over £28,400. That is to recruit more nurses into the national health service. I would have thought that, as a former nurse, the hon. Member for Mid-Bedfordshire (Mrs. Dorries) would welcome what we are doing today. It represents both fairness to nurses and achieving anti-inflation discipline in the economy.

Mrs. Theresa Villiers (Chipping Barnet) (Con): Several hon. Gentlemen wrongly claimed that I was banned from the Budget debate, but on Tuesday night I suspect that the real Chief Secretary wished that he had been banned from it.

The Chancellor has always claimed that the Gershon review would produce efficiency savings without having an impact on quality of service. Does he agree with the Chairman of the Select Committee on Work and Pensions who said of the impact of Gershon on Jobcentre Plus:

"In their drive for efficiency, the Government has caused a serious failure in customer service, staffing, procurement and IT. The Secretary of State himself described the Agency as being faced with a 'shed load of difficulties' and the Committee agrees."?

Are not the Government failing some of the most vulnerable people in Britain by presiding over what the Select Committee described as "truly appalling service levels" at Jobcentre Plus?

Mr. Brown: I would think more of the Conservatives' position if they were not in favour of cuts in basic services in the first place. If the hon. Lady really wants to look at evidence, why does she not look at the National Audit Office report? Mr. Keith Davis of the NAO said:

"Our view is that this Gershon programme is more serious and more systematic than previous attempts to achieve efficiency in Government."

The report noted that there were many examples of good progress and listed all of them. If people want an overall view of the effect of Gershon, which has brought 40,000 post reductions, they should look at the NAO report and what it says in support of what the Government are doing.

Stephen Hesford (Wirral, West) (Lab): A nurse who came to see me over the weekend told me that because we are investing in front-line services, particularly nurses, she is looking forward to an increased career as a nurse practitioner or a nurse consultant. Does not my right hon. Friend agree that, far from damaging front-line services, that is an example of resources being moved from the back office to front-line services?

Mr. Brown: Surely, the challenge is to make the savings that we are talking about and then to improve front-line services. The difference between ourselves and the Opposition is that the shadow Chancellor committed himself, on GMTV only a few days ago, to cut the share of national income taken by the state—a £17 billion cuts programme this year, with £16 billion next year. That can only damage basic services in the economy.

Tax Burdens

2. **Mr. Rob Wilson** (Reading, East) (Con): What recent assessment he has made of the average tax burden on a family. [62324]

The Paymaster General (Dawn Primarolo): The tax for a single-earner family with two children on male mean earnings of £31,600 a year will be 20.4 per cent. of gross family earnings in 2006–07, which is 0.8 percentage points lower than in 1997–98. For the same family on median earnings of £24,000 a year, tax will be 14.2 per cent., which is a 3.4 percentage points lower than in 1997–98.

Mr. Wilson: According to the Organisation for Economic Co-operation and Development, Britain pays more tax than Germany and our tax burden is growing almost 30 times faster than that of France. Does the Minister agree with the chief economic adviser to Ernst and Young who has warned that the high level of taxation now threatens the stability of the UK economy?

Dawn Primarolo: The hon. Gentleman is wrong in his assertion. The recently published OECD report on family income demonstrates that the UK is below the European average and below levels in Germany. As the Chancellor said in his Budget speech, the child benefit and child tax changes mean in effect that income tax liability on a family with two children, with earnings of up to £425 a week, is wiped out. That means 3 million families in Britain with no income tax liability.

Mr. John McFall (West Dunbartonshire) (Lab/Co-op): May I refer the Paymaster General to the OECD report, which indicates that income tax as a percentage of labour costs for people on 67 per cent. of average earnings in the UK is 8 per cent. below the EU 15 countries and 4 per cent. below the average for OECD countries? Does not that indicate that progress has been made on our poverty targets? We need to engage in a national debate on tax to ensure both economic growth and social justice in this country.

Dawn Primarolo: My right hon. Friend is entirely right. He quotes from the correct OECD study, as I would expect him to do, and it demonstrates that the cuts in tax undertaken by the Government—the 10p rate and the 22p rate—the increases in child benefit and the tax credits not only ensure that we can give the most resources to those who are least well off, but that we are lifting children out of poverty: precisely the points that my right hon. Friend makes.

Mr. Michael Fallon (Sevenoaks) (Con): Table 2 of the OECD report this morning shows that the tax on a married couple with two children has been cut over the past five years in Australia, Belgium, Canada, Germany, Ireland, the Netherlands, Portugal, Slovakia and the United States, whereas it has risen in the United Kingdom. When will Ministers wake up to the damage that they are doing to our economy?

Dawn Primarolo: I am surprised at the hon. Gentleman's comments, because he is very well-informed on these things, and he knows that the tax wedge—the calculation that the OECD uses for those figures—also takes into account the contribution of employers in working them out. He will also know, because he has been a Member for a long time, that this Government introduced the 10p rate, that this Government reduced the tax rate to 22 per cent., that this Government increased child benefit when the Government of whom he was a member froze it and that this Government introduced tax credits in the teeth of opposition from the Conservative party.

Angela Eagle (Wallasey) (Lab): Will my right hon. Friend not listen to the siren voices of Opposition Members or fall for their interpretation of the tax burden and recognise, as I think that she has, that tax has an important role to play in ending child poverty? How does she think that the Government can redouble their crusade against child poverty, which has already taken 700,000 children out of the poverty that the Conservative party left them in when it left office, so that we can reach the target to halve it by 2010?

Dawn Primarolo: As my hon. Friend acknowledges, the number of children in absolute poverty has been halved by the Government: 1.8 million children and low-income families have been lifted out of poverty since 1996–97. She will also have noted the comments that my right hon. Friend the Chancellor made in his Budget speech about the importance of the commitment to tax credits and child benefit rises in continuing to challenge the level of child poverty in this country and to raise children out of poverty. That is the only suggestion on the table. Despite the fact that Opposition Members constantly complain, they make no positive suggestion on how to improve the situation and raise more children out of poverty.

Sir Peter Tapsell (Louth and Horncastle) (Con): Now that the Chancellor has had it explained to him from afar that he will be expected to introduce at least another two Budgets, will the right hon. Lady try to persuade him to apply his mind to the reduction of the vast overall increase in taxation that he has imposed on the people of this country?

Dawn Primarolo: It does not matter how many times Opposition Members try to assert that view, the fact is that the Government have been reducing tax—*[Interruption]*—and my right hon. Friend the Chancellor's Budgets, directed specifically at families, ensure that that happens. I look forward to continuing, if I can, to contribute to Budgets that take forward those principles.

Ms Sally Keeble (Northampton, North) (Lab): Further to the question on table 2, does my right hon. Friend agree that the table shows that, over the past five years, the tax burden has gone up by 0.1 per cent. to 27.1 per cent., which is still below that of Germany at 35.7 per cent. and France at 41.7 per cent.? Will she continue with the policies of holding down tax for families and ensuring good quality public services for my constituents?

Dawn Primarolo: My hon. Friend knows that this Government reduced tax from 23 to 22 per cent., that this Government introduced the 10p starting rate, that this Government pay tax credits to ensure that families do not start to pay tax, in effect, until they are on a weekly income of £425 if they have two children and that only this Government will use those policies to ensure that families get the very best, both from public services and from jobs and incomes.

Mr. Mark Hoban (Fareham) (Con): In Question Time yesterday, the Deputy Prime Minister talked about looking at tax changes in the round. Will the Paymaster General tell me, in the round, how much a two-pensioner household will get to compensate them this year for the loss of their £200 pre-election bribe and an average increase in council tax of £254?

Dawn Primarolo: Those on pension credit will continue to see rises this year in line with the announcements made by my right hon. Friend the Chancellor. They will continue to receive the heating allowance, as he identified, and they will continue to be the beneficiaries of the massive increases that the Government have put into local government to ensure that council tax rises are minimised.

Fuel Duty

3. **Mr. David Chaytor** (Bury, North) (Lab): What the total revenue from fuel duty has been since 1996. [62325]

The Chancellor of the Exchequer (Mr. Gordon Brown): The answer is £215 billion. In the Budget, I froze duty until at least 1 September. I also announced a renewable transport fuel obligation with a higher 35p differential for biofuels; an environmentally based payment system for vehicle excise duty, ranging from zero to £210; and progress on introducing sulphur-free diesel.

Mr. Chaytor: In spite of the revenue from fuel duty, which is a very large amount, is it not the case that the cost of private motoring continues to decline year on year? Is it not also the case that, in the light of the climate change review programme published this week, sooner or later all parties in the House are going to face up to the fact that an above-inflation rise in fuel duty is the most effective means of reducing congestion, and of reducing CO_2 emissions in the transport sector?

Mr. Brown: My hon. Friend takes a big interest in environmental issues and I appreciate what he has said on many occasions over the years about the progress that we have made in our environmental policy, but I have to say that the doubling of oil prices—indeed, in many ways, the trebling of oil prices—over the past three years has created a new situation for both motorists and the freight industry in this country. We have got to balance the needs of the economy with meeting our environmental objectives. I hope that he understands that, at a time when oil prices have doubled, we have got to take that into account in setting fuel duties.

Public Sector Bodies (Debt)

11. **Mr. Brian Binley** (Northampton, South) (Con): What recent assessment he has made of the transparency of the classification of public sector bodies' debt. [62335]

The Chief Secretary to the Treasury (Mr. Des Browne): The classification of a given body and its assets and liabilities as public or private sector is a matter for the Office for National Statistics, acting in its capacity as an independent statistical agency and using international guidelines. Further, the UK Government are one of the few Governments in the world who have a statutory obligation to report liabilities in the same way as private companies and whose accounts are subject to independent audit.

Mr. Binley: I had hoped that the Chancellor would answer the question, but will the Minister be very kind and tell the House what benefits the taxpayer gets from not knowing how much public money is currently off balance sheet thanks to PFI?

Mr. Browne: The hon. Gentleman should be well aware that off-balance-sheet accounting is assessed in circumstances in which the assets belong to the private sector and so the debt that is financed is a liability of the private and not the public sector. Consequently, it is not appropriate to consider it as a debt for the purposes of the sustainable investment rule, but that does not mean that those assets are not used to the advantage of the delivery of public services. In every single constituency up and down our country, there are the advantages of PFI investment in delivering public services.

Ed Balls (Normanton) (Lab): Has my right hon. Friend taken the opportunity to examine proposals to move PFI and contingent liabilities, breaking with best international practice and the practice of past Governments of all parties in this country, on to the Budget—[HON. MEMBERS: "Balance Sheet."]—and the balance sheet? What impact does he think that that would have on the prospect for public investment in our country?

Mr. Browne: My hon. Friend is perfectly correct to identity that particular area. The Opposition argue that such movement on to the balance sheet would put the country in a position in which it could not meet the sustainable investment rule and thus could not invest further in public services and our infrastructure. That would be the effect of us not being able to treat those accounts in such a way.

Mr. Mark Francois (Rayleigh) (Con): In a Committee prior to Christmas, I pressed the Economic Secretary to reveal the Government's estimate of the proportion of gross domestic product represented by their off-balance-sheet debt. He said that he would write to me, but I am still waiting for the letter. I pressed him again in a debate on 7 March, but I have still not had an answer, and we have not had an answer today. Is not the real reason why the Government will not reveal the estimate that they know full well that it would fatally undermine their sustainable investment rule if they were to do so?

Mr. Browne: I understand that the hon. Gentleman has had his answer, but clearly he does not accept it. As he knows, it is for the Office for National Statistics to compile the number for the purpose of the public sector finances, not Her Majesty's Treasury. That is its job and that is why that is done independently.

Hugh Bayley (City of York) (Lab): Since the Labour Government came to power we have had record investment in schools and the health service. PFI is building four new primary schools in York, we have just got approval through conventional finance for rebuilding the first secondary school in York for 40 years and we have had £30 million of new investment in our hospital. Does the Chief Secretary remember the days when the Conservatives supported the private finance initiative, and will he give a commitment that the levels of investment that we have had from the Labour Government in schools and hospitals will continue for as long as we are in power?

Mr. Browne: My hon. Friend is right. There was £600 million of investment in schools when the Conservatives were in power, but there is now investment of £6 billion. The reason why they no longer support such investment in the public services is that they affirm to the third fiscal rule, which would require them to strip it out.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I must apologise to the House for, in the absence of Mr. Afriyie, getting the sequence wrong. I hope that I may have the co-operation of Ministers and hon. Members, in particular, to ensure that we at least get to Question 10.

Economic Growth

5. **Michael Fabricant** (Lichfield) (Con): What assessment he has made of the correlation between overall tax levels and economic growth; and if he will make a statement. [62327]

The Chief Secretary to the Treasury (Mr. Des Browne): The Government's macro-economic framework has consistently delivered stability with strong growth and low inflation, thus establishing a track record that has been internationally acknowledged. Gross domestic product has now grown for 54 consecutive quarters and inflation remains at historically low rates. The Government's approach to taxation balances the need to finance better quality public services, deliver fairness and promote sustainable development, while ensuring that the UK benefits from the advantages of being a lightly taxed economy.

Michael Fabricant: A few moments ago, the Paymaster General said that tax had fallen under this Labour Government. The Institute for Fiscal Studies says that the total tax receipts have increased from 37 per cent. of GDP in 1996–97 to 39.3 per cent. now. Who was right and who was wrong?

Mr. Browne: My right hon. Friend the Paymaster General was, of course, talking about tax rates. These comparisons are extremely interesting, so if the House

wants comparisons on the tax burden, let us have some. The tax burden is actually lower now than it was during the entire period between 1981 and 1988, under Margaret Thatcher, and well below the peak tax burden in 1984. According to the experts at the Organisation for Economic Co-operation and Development, the net tax burden on the average working family in the UK today is half what it was when we came to power. Of course, the amount of tax collected rises fastest when the economy is doing well. For example, the lowest tax burden of the past 30 years was in 1993–94, when the economy was barely growing, unemployment was above 3 million, millions of families faced negative equity and wage settlements were *at a 25-year low.*

Kelvin Hopkins (Luton, North) (Lab): Tax levels in Denmark, Sweden and Finland are substantially higher than in Britain. Public spending in those countries is substantially higher than in Britain. The quality of public services in those countries is very high and the levels of poverty are low. Their levels of economic growth are higher now than before. Will my hon. Friend reject the nonsense that is spoken by Opposition Members?

Mr. Browne: I am happy to reject the nonsense that is spoken. I am happy also to point out to my hon. Friend that we have doubled investment in health and in education while at the same time holding down tax rates. The key to continued investment in our infrastructure and the support of services, while holding down tax rates, is to increase employment. There are 2.3 million more people in the tax system, potentially paying tax, than there were when we came to power in 1997.

Mr. Andrew Mackay (Bracknell) (Con): Does the Minister agree with his colleague, the Minister for Higher Education and Lifelong Learning, the hon. Member for Harlow (Bill Rammell), who this week said that taxpayers had reached the limit of what they could pay for public services? I see that the Chancellor of the Exchequer is helping the Chief Secretary, so I will carry on a little longer until the message has got through.

Mr. Browne: My understanding from my colleague, the Minister for Higher Education and Lifelong Learning, is that he denies that he said what is being attributed to him and that he was talking about adult learning grants. He is a member and a supporter of a Government who have cut tax rates, increased investment and increased employment.

Judy Mallaber (Amber Valley) (Lab): As we have indeed had a remarkable period of growth year on year for 10 years, will my hon. Friend assure me that he will invest the proceeds of that growth in education in science and research so that we can continue to achieve such growth? Will he note that although we have doubled investment in education, we are still behind some of our major competitors, such as America, in terms of national income? On a recent trip to India, I saw how quickly that fast-growing economy was expanding its education service. Does my hon. Friend agree that the growth in our economy should be invested in education so that we can increase growth in future?

Mr. Browne: My hon. Friend has made a number of important points. She sets them in a globalised environment and sets out the challenge that we all face. I can reassure my hon. Friend and others. As my right hon. Friend the Chancellor said when he delivered the Budget statement, we shall continue in our stewardship of the economy, pre-Budget reports and Budgets, to get the balance right between investment, tax and borrowing. We will do that to ensure the continued progress and development of our economy and of social justice in the United Kingdom.

Mr. David Laws (Yeovil) (LD): Was the right hon. *Member for Darlington* (Mr. Milburn) right to offer the Government the constructive and helpful advice and warning this week that 1 million more people than in 1998 now face marginal tax rates of more than 60 per cent.?

Mr. Browne: We have reduced the number of people on high marginal tax rates since we came to power. We will continue to develop our policies to respond to the challenges that face us. Our policies have delivered for the poor, and particularly for the poorest in our society, by bringing children out of poverty as well as pensioners, and the hon. Gentleman well knows that.

Jonathan Shaw (Chatham and Aylesford) (Lab): Has my hon. Friend met Mr. Andrus Ansip recently, the Prime Minister of Estonia, where they have the flat tax? Has he considered such a flat tax and its impact on the British economy?

Mr. Browne: I have already expressed my view on Estonia, which I think was attractive to the shadow Chancellor at the beginning of his post. Strangely, I do not think that he has mentioned Estonia in the past few months in an analogy to the substantially more developed economy of the United Kingdom. The House knows my position on that. It is not an appropriate analogy and Estonia's position in relation to the rest of the European Union facilitates its ability to be able to run its tax system as it does.

Mr. George Osborne (Tatton) (Con): Was the junior Education Minister, the Minister for Higher Education and Lifelong Learning speaking for the Government when he said that people are now taxed to the limit?

Mr. Browne: I have already told the House that my hon. Friend did not say what is being attributed to him. He was talking about adult learning grants.

Mr. Osborne: If the right hon. Gentleman will not agree with the junior Education Minister, does he agree with Sir Derek Wanless, the Chancellor's health spending guru, who said on the radio this morning that the money spent on the NHS should have been spent much better? Does he think, like Sir Derek Wanless, that the results that we have got from that money are extremely disappointing?

Mr. Browne: I am delighted to share with the House some of the results that we have got from that money—that unprecedented investment in the NHS, which I remind the House the hon. Gentleman and his party

opposed root and branch. I will give some examples of what has been achieved: 662,000 more heart operations, compared with 1997–98; 1 million more elective admissions each year, including 35,000 more heart operations—a rise of 88 per cent.; 465,600 more cataract operations—a rise of 89 per cent.; 21,000 more hip fracture operations—a rise of 34 per cent.; and 29,600 more knee replacements—a rise of 108 per cent. I am distinctly proud of that achievement.

Private Finance Initiative

6. **David Taylor** (North-West Leicestershire) (Lab/Co-op): *How much public money has been (a)* committed and (b) spent under the private finance initiative since 1997; and if he will make a statement. [62329]

The Financial Secretary to the Treasury (John Healey): Since 1997, the Government have signed over 650 PFI projects, with a total capital value of £43 billion. Since 1999, the Treasury has published forecast future unitary charge payments signed under PFI projects alongside the Budget.

David Taylor: The Chancellor and his team have indeed been remarkably successful since 1997 and I look forward to early promotion for every one of them, but can the Minister explain the continuing Treasury love affair with PFI? The Budget small print hid a large sum of £26 billion—2 per cent. of gross domestic product—being ladled into 30-year projects which, if conventionally financed and run, would be lower cost and have the greater flexibility that is needed in a rapidly changing world. Would it not be prudent in a market with historically low interest rates to abandon PFI and expand public borrowing for investment?

John Healey: As my hon. Friend really knows, one cannot sensibly make such calculations because the payments on the PFI projects include the cost of catering, maintenance, cleaning—the servicing of the asset. In typical PFI projects, those costs are 40 to 50 per cent. of the unitary charge payments. In those circumstances, the PFI has been an important but modest part of the fivefold increase in the public sector net investment that we have put in place since 1997. There are hospitals, schools and transport projects around the country that could not have been put in place without the contribution of the PFI.

Susan Kramer (Richmond Park) (LD): How many hospitals are cutting front-line staff because PFI contracts have taken away their flexibility to meet budget cuts by cutting or dealing with maintenance, cleaning or financing, as the Minister just described? Many of my constituents use the West Middlesex hospital and they are suffering because the only cuts possible are in front-line staff.

John Healey: The hon. Lady needs to understand that PFI is a form of procurement. Whatever the type of procurement, the needs locally must be assessed and established. The capacity to cover the cost of that investment, conventional or PFI, must be established. PFI contracts have mechanisms in place to vary the arrangements, should the needs locally change. In the context of the Budget, we published a document that I think the hon. Lady would welcome if she read it. It strengthens the mechanisms that allow us to put in place the contract variations that may be necessary in the future.

European Single Market

7. **Mr. Ian Austin** (Dudley, North) (Lab): If he will make a statement on progress towards the European single market. [62330]

The Chancellor of the Exchequer (Mr. Gordon Brown): Next week, the Treasury will publish a paper on the benefits of open markets for Europe and for a Europe that rejects protectionism. At the meeting of European Finance Ministers in Vienna, we will propose that all energy and other sectors that fail to liberalise and open up to competition in the European Union be subject to independent investigation and enforcement.

Mr. Austin: Does my right hon. Friend agree that the incomplete liberalisation of European energy markets has been a major factor in recent high gas prices? Will he put pressure on other European countries that have failed to open up their markets, so that we can get prices down for hard-working families facing higher bills after the last, coldest months of the year?

Mr. Brown: I am grateful to my hon. Friend, who has pointed out the direct effect of the lack of competition in European markets on consumer prices for people throughout the United Kingdom. The cost to us of not having a fully liberalised gas market is about £10 billion a year, which forces up consumer gas prices and means that pensioners and others face higher energy bills. That is why the European Union must now reject protectionism and move towards a far more open market for energy, for financial services, for telecommunications and for utilities, which is why we are now advocating a different course of action. Instead of just reaching political agreements about timetables for liberalisation, a process should be set up in Europe so that those sectors that fail to liberalise and open up to competition are subject to investigations on behalf of consumers and then to new enforcement mechanisms. That would end the practice of economic patriotism, which is against the interests of consumers right across the European Union.

Sir Nicholas Winterton (Macclesfield) (Con): I congratulate the United Kingdom on the way in which it has liberalised its market. We believe in fair and free competition, and the problem lies with a number of countries within the European Union, not least Italy and France. When will the system allow immediate action to be taken against those countries that are not liberalising and that are protecting their industries, particularly in energy, to our disadvantage?

Mr. Brown: I agree with the hon. Gentleman, who has spoken about those issues in the past. It is completely unacceptable that British industries should play by the rules while industries in other countries do not play by the rules of the single market. It is essential that we send out a

message that beggar-my-neighbour policies, protectionist policies and the restriction of competition are damaging both to the consumer and to industrial growth right across the European Union. Indeed, if we fail to get a world trade agreement, such practices will damage industrial growth right across the world, which is why we are proposing a different course of action. In the past, we have had meetings to set timetables on liberalising the energy sectors by this date, the utilities sector by that date, the telecommunications sector by another date and the services sector by a further date. Instead of simply relying on people honouring promises that have been made at such meetings, a mechanism should be implemented so that the European Union itself, perhaps through an independent competition authority separate from the European Commission, investigates sector by sector what is going on and who is restricting competition. Such an authority should have enforcement powers to deal with restrictions on competition, so that we can open up trade across the single market and influence world trade talks, where the damage that will be done by a return to protectionist policies for both developed and developing countries is something that we cannot accept.

Keith Vaz (Leicester, East) (Lab): My right hon. Friend must be delighted by the results of the Lisbon scorecard published by the Centre for European Reform, which shows Britain as one of the best performing economies in Europe as far as those benchmarks are concerned. Is he confident, however, that the rest of our partners have learned the lessons set out in the Kok report?

Mr. Brown: Progress has been made in every country. Reforms are taking place in France, which is experiencing a reaction to them at the moment, and they have also taken place in Germany and Spain. It is true that, in particular, our employment record is one of the best in Europe on the Lisbon scorecard, and we will keep it that way. If I may say so, the reason why we have a good employment record is the combination of the policies that we have pursued for economic stability and the introduction of the new deal, which has helped people who are unemployed and who are without skills to get back into work. Even now, the Opposition should reconsider their opposition to the new deal and support a measure that has given more than 1 million people the chance of jobs in our country.

Biofuels

8. **Miss Anne McIntosh** (Vale of York) (Con): What recent representations he has received on his tax policy for biofuels. [62332]

The Financial Secretary to the Treasury (John Healey): The Government receive many representations as part of the Budget process and we consider them very seriously. The Budget included an announcement on the further extension of support in a range of ways for the development of the UK biofuels market.

Miss McIntosh: Although I am grateful for that answer, the Financial Secretary will be aware that there is disappointment that no firm commitment has been made to increase the renewable transport fuel obligation beyond 5 per cent. in 2010. Does he agree that that will be a barrier to investment that will prevent farmers from benefiting from the measure? What are the chances of the UK Government receiving Commission approval for the state aid of enhanced capital allowances, which, although it was announced in last year's pre-Budget report, has still not been given Commission clearance as state aid?

John Healey: There are at least two questions there. We are confident of the case for the enhanced capital allowance and hope to see it in place by 2007. I do not agree with the hon. Lady's initial comments. The renewable fuel transport obligation is there to give as great a long-term certainty as possible for those who must invest in future plant, particularly in Britain. I respect the arguments of bodies such as the National Farmers Union, but in the end the companies will make the investments to deliver the market and the production. The hon. Lady might like to talk to the hon. Member for South-West Norfolk (Mr. Fraser), who has the first British bioethanol plant in his constituency. Another company, Losonoco, which has big bioethanol plants, said of the Budget:

"From our perspective it was a good Budget. We were impressed by the way the process of consultation between Government and industry has taken place, the care around the analysis, the genuine interest shown in the views of industry and the support that the Government has given to the biofuels sector."

Dr. Alan Whitehead (Southampton, Test) (Lab): I congratulate my hon. Friend on the introduction of the mechanism for making the renewable transport fuel obligation escalator work, particularly the 15p per litre buy-ups measure and the continuation of the 20p discount on tax. Will he ensure that there is a mechanism to monitor the introduction of those processes to ensure that the necessary investment goes into the plant for producing bioethanol and biodiesel in the UK?

John Healey: I can give my hon. Friend that assurance. He takes as close an interest in these issues, and is a source of as many ideas on them, as anyone in this House. As part of the process of producing the regulations that will help to put the obligation in place, we will carefully consider the carbon emissions assurance scheme that will be required to ensure that we get the most benefit to the environment from the development of a British biofuels market.

Public Sector (Local Pay)

9. **Adam Price** (Carmarthen, East and Dinefwr) (PC): Whether he has discussed his proposals for local pay in the public sector with the Finance Ministers in the National Assembly for Wales and the Scottish Executive. [62333]

The Economic Secretary to the Treasury (Mr. Ivan Lewis): Treasury Ministers periodically meet Finance Ministers from the devolved Administrations to discuss a range of issues of common interest, including public sector pay. The objective of the Government's public sector pay policy is to ensure high-quality delivery of public services while ensuring value for money for the taxpayer. In some cases, that may require a local pay

variation to reflect differences in labour market conditions across the country. In devolved areas, it is for devolved Administrations to determine pay settlements. In some cases, they have decided to be part of the UK-wide systems.

Adam Price: In a report funded by the hon. Member for Caerphilly (Mr. David), the Bevan Foundation, a Labour-leaning think-tank, concluded that the introduction of local pay in the public sector would widen further the pay gap between Wales and the rest of the UK. Did the Minister's colleagues in the National Assembly make that point to him forcefully, or does the Labour party say one thing in public and another in private?

Mr. Lewis: Wales has done better than almost anywhere as a consequence of this Government's policy. In recent years, public sector workers in Wales, particularly those in the front line, have received significant, year-on-year salary increases. That is the real gap compared with the pay that they were receiving up until 1997. There are arguments for localised pay in some circumstances, but there is no room for any grievances about the rates of pay for public service workers on the front line in Wales.

Mr. Wayne David (Caerphilly) (Lab): Does the Minister agree that the strength of the Welsh economy is eloquent testimony to the effective partnership between the Welsh Assembly Government and central Government?

Mr. Lewis: I entirely agree with my hon. Friend and congratulate him on his new book, which was published recently. The combination of economic growth and public service improvements in Wales that has occurred as a consequence of the partnership between the devolved Administration and the Westminster Government means that the people of Wales are experiencing, on a daily basis, a difference in their quality of life and standard of living.

Youth Volunteering

10. **Mr. Kevan Jones** (North Durham) (Lab): If he will make a statement on funding he has provided for youth volunteering. [62334]

The Chancellor of the Exchequer (Mr. Gordon Brown): Following millennium volunteering for young people, which was introduced in 1999, and the young volunteering challenge after 2000, the Government set up the Russell commission in 2004. It has recommended—and the Government have accepted—£100 million of new investment in gap years and other volunteering for young people. That is already sponsored by 26 companies and the programmes are run with the involvement of young people. The national youth community service board is independent of Government in its appointments and its allocation of money.

Mr. Jones: Does my right hon. Friend agree that many young people do not get a good press? Will he join me in congratulating Action Durham Millennium Volunteers in my constituency? It comprises a group of 16 to 24-year-olds who are involved in a range of voluntary projects. Many of them have won the award for excellence for completing 200 hours of volunteering.

Mr. Brown: I congratulate the volunteers in my hon. Friend's constituency. In every constituency in the country, more young people are taking part in voluntary activities, and there is a greater demand that they do that. All the evidence from the most recent volunteering initiatives shows that, when young people are given the opportunity, they respond, not only in traditional projects for volunteering but in environmental projects, for which we announced new measures in the Budget. The importance of the volunteering initiative is that we hope to have 1 million more people volunteering as a result of the Russell commission proposals and the work of the national youth community service that has now been set up. I repeat that its board is independent of Government in its appointments and its allocation of money.

Illegal Workers

12. **Dr. John Pugh** (Southport) (LD): If he will make a statement on the role of the Inland Revenue in identifying illegally employed workers. [62336]

The Paymaster General (Dawn Primarolo): Her Majesty's Revenue and Customs has no formal responsibilities for dealing with or identifying illegal migrant workers. When HMRC officers come across information that suggests that an employer has committed a criminal offence by employing an illegal worker, it can be and is passed to the immigration and nationality directorate.

Dr. Pugh: The Paymaster General will acknowledge that the failure of agencies and gangmasters to account properly for their tax affairs is often the clearest indication of the systematic use of illegal labour and, of course, it gives them a competitive advantage. Does she acknowledge that there have been cases in which the Inland Revenue's pursuit of unpaid tax has conflicted with police investigations and attempts to prosecute under proceeds of crime legislation? Will she admit that that is ripe for further investigation?

Dawn Primarolo: No. I assume that the hon. Gentleman is aware of the joint workplace enforcement pilot, which involves all the agencies, including HMRC, and the gangmasters licensing scheme, which the Gangmasters Licensing Authority operates. He will also know that HMRC co-operates fully with and has information gateways to the Serious Organised Crime Agency and he will therefore understand that I am confident that relevant information is passed to the relevant authorities.

Charitable Donations

13. **Ian Lucas** (Wrexham) (Lab): What assessment he has made of the impact on charitable giving of the introduction of tax relief at source for charitable donations. [62337]

The Economic Secretary to the Treasury (Mr. Ivan Lewis): In 2000, the Government greatly expanded tax relief for giving to charities. Since then, tax repaid to charities on donations using gift aid has increased from £222 million in 2000–01 to £625 million in 2004–05. Payroll giving has increased in value from £55 million in 2000–01 to £83 million in 2004–05.

Ian Lucas: I recognise the excellent progress that has been made since 1997 in the development of charitable giving. However, the development of charitable foundations and tax deduction at source in the United States means that there is a far higher level of charitable giving there than in the UK, even now. Has any long-term assessment been made of a change in the charitable giving system?

Mr. Lewis: In the Budget, the Chancellor announced the creation in the Treasury of the office of charity and third sector finance, which will focus on financial support to the sector. In addition, as part of the comprehensive spending review process, we will undertake the largest ever consultation with the third sector in this country. It will include every region of the country and consult not only the large and medium-sized charities but some of the grass-roots, community-based charities. We have an impressive record of incentivising giving in payroll giving and gift aid, but we want to do much more.

Mr. Nigel Dodds (Belfast, North) (DUP): While acknowledging what has been achieved, may I ask the Minister what impact VAT has had on charitable giving? Will the Treasury take on board the representations made by the charitable sector for the removal of VAT for charities?

Mr. Lewis: We have conducted two fundamental reviews of VAT and charities and have concluded that there would be no equitable solution. However, thanks to the changes to gift aid and the encouragement, particularly of small and medium-sized enterprises, to give through payroll giving, the amount of charitable giving is increasing significantly year on year. We need only reflect on the recent tsunami and other events to see that the charitable nature of the British people has never been stronger.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): My hon. Friend shares my belief that this Government have done a great deal to encourage charitable giving. Does he agree that more attention should be paid to giving to universities—which are charities—and to the higher education sector generally? I know that there was a taskforce, and that the Chancellor has made some real changes, but people still say that there are not enough advantages to giving to universities as charitable organisations. We still lag far behind the level of giving in the United States in this regard.

Mr. Lewis: As my hon. Friend is aware, we have recently announced further investment support to universities. As part of the comprehensive review process, and of the stream that is looking into the needs of charitable organisations, we will of course examine the needs of the higher education sector. I have to say to him, however, that more resources than ever before are going into that sector year on year to meet the challenges of globalisation.

Low Incomes (Tax Burden)

14. **Mr. Henry Bellingham** (North-West Norfolk) (Con): What steps he is taking to reduce the tax burden on people on very low incomes. [62338]

The Economic Secretary to the Treasury (Mr. Ivan Lewis): The Government have already done a great deal to reduce the tax burden on people on low incomes. We have introduced the 10p starting rate of income tax, reformed national insurance contributions and introduced the working tax credit for hard-working families and the minimum income guarantee for pensioners.

Mr. Bellingham: Further to the question asked by the hon. Member for Yeovil (Mr. Laws), I should like to quote the right hon. Member for Darlington (Mr. Milburn). In Tuesday's Budget debate, he said that the number of people

"facing marginal tax rates of 60 per cent. or more has increased by nearly 1 million, largely as a consequence of the workings of the tax credit system . . . I was brought up to believe that hard work and endeavour would be rewarded, not penalised."—[*Official Report*, 28 March 2006; Vol. 444, c. 710.]

Those are not the words of some junior Labour Parliamentary Private Secretary, but the wisdom of one of the most highly regarded new Labour Ministers of his generation. Will the Minister tell us whether the right hon. Gentleman is right or wrong?

Mr. Lewis: I am sure that my right hon. Friend the Member for Darlington (Mr. Milburn) would be happy to hear the hon. Gentleman describe him as one of the most highly regarded Labour MPs, although I do not think that he was saying that when my right hon. Friend was Secretary of State for Health and he was asking him questions across the Dispatch Box.

I shall respond directly to the hon. Gentleman's assertion. The number of families facing a marginal rate of more than 70 per cent. has fallen by more than 700,000 since 1998, from 740,000 to 240,000. The reality for low-income families is a take-up rate of 89 per cent., compared with 57 per cent. under family credit. For the poorest, the rate is 93 per cent. As we are talking about the burden on low-income families, let us remember when there were high interest rates—and therefore high mortgage rates—and when there was no minimum wage, no working tax credit and no minimum income guarantee for pensioners. Let us also remember what mass unemployment did to people on low incomes.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): When the Paymaster General put through the tenfold increase in the one-year income disregard from £2,500 to £25,000 in Standing Committee last week, Conservative Members argued vehemently against the measure before voting for it. Will the Minister take this opportunity to explain to them again exactly how this extremely imaginative measure will help and support working families into, and back into, employment?

Mr. Lewis: Conservative Members are clearly disoriented at the moment. They are not sure whether to be right-wing ideologues or to support people on low incomes. When we consider the consequences of incentivising people to work rather than to remain on welfare, we see that that is one of the primary reasons why people's standard of living is growing and why the unemployment figures have never been lower.

HIV/AIDS

15. **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): What estimate he has made of the level of funding the UK would need to contribute to achieve universal access to HIV/AIDS treatment in developing countries. [62339]

The Chancellor of the Exchequer (Mr. Gordon Brown): Forty million people around the world have HIV and 4.9 million people were infected last year. The total funding gap is therefore £16 billion. The United Kingdom is committed to spend £1.5 billion from 2005 to 2008. We are the second largest donor in HIV/AIDS, and we are supporting programmes that cut the price of antiretroviral drugs. On that and other issues, I am today publishing the seventh annual report of our Government on the International Monetary Fund.

Dr. Harris: I welcome that answer and pay my tribute, which is shared in many quarters, to the Chancellor's leadership on this issue internationally. Will he accept, however, that unless we ensure that not just our contribution but everyone's—encouraged by his leadership—is met, the danger is that, because there is a target, funding and infrastructure will be taken from other health priorities in the countries concerned to meet that target? I hope that he will agree that that is an issue.

Mr. Brown: I am grateful to the hon. Gentleman, who has taken an interest in these issues over time. The sad fact is that the Global Fund to Fight AIDS, Tuberculosis and Malaria, which was to be a fund of $20 billion, is financed only to the tune of about $2.7 billion. We will have to do better in future years if we are to make the 2010 target. I believe that the only way in which we can do that is to find new forms of innovative financing, such as we have found for vaccinations, and such as we can find for other drugs. It is important that we get a consensus in this country to promote an international finance facility for those issues, so that we can then win support around the world.

Business of the House

11.31 am

Mrs. Theresa May (Maidenhead) (Con): Will the Leader of the House give us the business for the weeks after recess?

The Leader of the House of Commons (Mr. Geoffrey Hoon): The business for the week after the Easter recess will be as follows:

TUESDAY 18 APRIL—Second Reading of the Commons Bill *[Lords]*.

WEDNESDAY 19 APRIL—My right hon. Friend the Prime Minister will propose an Humble Address to mark the occasion of Her Majesty the Queen's 80th birthday, followed by consideration in Committee of the Northern Ireland (Miscellaneous Provisions) Bill.

THURSDAY 20 APRIL—Conclusion of consideration in Committee of the Northern Ireland (Miscellaneous Provisions) Bill.

FRIDAY 21 APRIL—The House will not be sitting.

The provisional business for the following week will include:

MONDAY 24 APRIL—Second Reading of the Finance Bill.

May I, Mr. Deputy Speaker, record on behalf of the entire House our thanks and appreciation for the extra duties that you have undertaken in recent weeks?

Hon. Members: Hear, hear.

Mrs. May: May I join the Leader of the House in thanking you, Mr. Deputy Speaker, for the extra duties that you have performed in the Speaker's absence over recent weeks?

I thank the Leader of the House for giving us the forthcoming business. I note that today, the last day before the recess, there are 39 written statements by Ministers, with no chance for questions to Ministers. Given his responsibilities to the House, will the right hon. Gentleman ensure that in future fewer written statements and more oral statements are made by Ministers?

On Tuesday, the Foreign Office published its White Paper, "Active diplomacy for a changing world", which moves the Government away from an ethical foreign policy to a policy of "active diplomacy". Will the right hon. Gentleman make Government time available for a debate on that White Paper?

According to a survey by the Faculty of Public Health, only a third of primary care trusts believe that they can deliver public health effectively. This month, there have been more than 4,700 job cuts in the health service, the *Daily Express* reports that cuts in vaccination programmes could put children's lives at risk, the right hon. Member for Holborn and St. Pancras (Frank Dobson), a former Health Secretary, complains that £200 million has been spent on consultants—not medical consultants but management consultants—and the man the Chancellor asked to sort out NHS funding, Sir Derek Wanless, said today:

"The issues about the NHS are the issues about where the money's gone . . . Less has been achieved than might have been achieved".

What a fitting epitaph for this Government. And yet, with all of this, the Health Secretary says in an interview in today's *Financial Times*, that this year the health service has

"had its best year ever".

Perhaps it was the best for deficits and job cuts, but not for patients. Will the right hon. Gentleman ensure a debate in Government time so that the Health Secretary can come to this House and hear from Members what is going on in the health service for which she is responsible?

May we have a debate on equal opportunities? In his Budget the Chancellor cut tax relief on home computers, which could hit women particularly hard. The Government have scrapped the scheme of NHS golden hellos, and have cut funding for the NHS flexible careers scheme. Both schemes were intended to help women return to the health service. They are also cutting funds for the Equal Opportunities Commission. Those are hardly signs of a Government who are committed to equal opportunities and helping women in the workplace. We need a debate on the Government's policy for women.

May we have a debate on the elderly? According to a survey by GE Life, about one in five people think that they will have to work part-time to supplement their incomes in retirement—double the current number. And what can they look forward to in retirement? The Chancellor has cut help with their rising council tax bills. A report from the Healthcare Commission, the Audit Commission and the Commission for Social Care Inspection said that older people were subject to "patronising and thoughtless" attitudes. Age Concern has said

"too many older people in need of public services are . . . treated as second-class citizens."

The elderly will not even be able to take up evening classes. The Association of Colleges tells us that funding will be frozen, charges will shoot up and classes will close.

Finally, may we have a debate on the meaning of Cabinet government? We have been waiting for a ministerial reshuffle for some time, and the time may have come. After all, a week after the Budget statement the Minister for Higher Education and Lifelong Learning told us that people were being taxed to the limit, saying

"We are probably about at the limit of what people are prepared to pay to improve public services."

Admittedly, attacking the Chancellor may be the way in which to keep a job at the moment. The Parliamentary Private Secretary to the Secretary of State for International Development has said that "the Prime Minister himself" is the key issue for voters, and that he should

"allow a smooth and rapid succession for Mr. Brown".

Just at the time when the Prime Minister has changed his mind and supports elections to the House of Lords, the Leader of the House has told the Press Gallery that he is against a democratically elected second Chamber.

Somehow I feel an Easter recess reshuffle coming on. I wish the right hon. Gentleman a very peaceful and uninterrupted recess.

Mr. Hoon: Once again, I am extremely grateful to the right hon. Lady for raising such a range of subjects. Obviously, in the fullness of time, they will afford the opportunity for debate in the House. The right hon. Lady began by complaining that there had been 39 written statements. I did not quite reach 39 when I counted the debates that she encouraged us to hold, but the list fell not far short of that number, ranging across foreign and domestic policy.

Of course, the House has a procedure for written ministerial statements. I assume that if my right hon. and hon. Friends did not table such statements, the right hon. Lady would complain about that as well. Trying to keep the House informed about matters that are of obvious consequence and fall within the House's rules seems to me a matter for congratulation, not complaint. If the right hon. Lady believes that written ministerial statements should be made in a different form, she has the opportunity under the House's rules to make representations to that effect. I am not aware that any such representations have been made other than today, just now, which—as the right hon. Lady will see if she looks at the rules—is a little late.

The right hon. Lady asked for a debate on Foreign Office policy. The matter was raised last week, we are considering it, and I am sure that there will be an opportunity for such a debate in due course As for job cuts in the national health service, the right hon. Lady has adopted a common Opposition policy, which I vaguely recall from former times—the policy of highlighting particular incidents, and purporting to suggest somehow that they represent a general trend. If she checks the position, she will find that a large number of jobs have been created in the NHS. There are a large number of new nurses, consultants and doctors, all providing vital health care for the people of this country. I hope that the right hon. Lady will put the record straight in future.

I should have expected the right hon. Lady to welcome the use of consultancy to assist large organisations such as the national health service. I assume that she shares the Government's wish to ensure that the money that the NHS receives from the taxpayer is spent properly, wisely and effectively, and delivers the service that we all want. I should have thought that she would welcome the contribution that consultants can make to that, rather than criticising it.

The use of the word "epitaph" was interesting. I know that Opposition Members do not like being reminded of the number of recent general elections that they have managed to lose, but I remind them that the most recent took place less than a year ago. As far as I recall, Parliaments can run for as long as five years. The Government have many more years to run, many more new policies to introduce, many more reforms to make and will continue with their commitment to the people of this country, delivering high quality services at an affordable price—

Mr. Andrew Robathan (Blaby) (Con): On and on and on.

Mr. Hoon: Well, I am being heckled about the length of time that this Government may continue, but that is a matter for the British people. They have certainly not shown much enthusiasm for the Conservative party recently, and there is little sign in the current polls that they intend to do so. I know that the hon. Gentleman is busy trying to change the party's policies, but we will all wait to see whether the result of those flip-flops is any more successful than previous efforts. I am sure that the hon. Gentleman lives in hope, otherwise he would not be here. At the moment, it is all that he has got.

As for a debate on equal opportunities, the Government would be delighted to defend their record on equal opportunities and, in particular, on care for the elderly. The Government are extremely proud of the substantial amounts of extra money that have been provided to support pensioners, especially the poorest pensioners, and we would be delighted to defend that record in any debate on the subject.

As for the question of Cabinet government, we heard earlier today from my right hon. Friend the Chancellor and we have heard from a series of Cabinet Ministers this week. I assure the right hon. Lady that Cabinet Government is alive and well. It certainly was an hour ago when I attended the most recent meeting of the Cabinet.

Mr. David Heath (Somerton and Frome) (LD): With reference to the superfluity of written ministerial statements today, I remind the Leader of the House that the ministerial code of conduct contains a specific rule that such statements should not be given the day before a recess. Will he get a grip on his colleagues in other Departments and ensure that they abide by the rules?

We need an urgent debate on long-term care for the elderly. I have asked two questions in consecutive weeks of the Prime Minister on the subject without any sort of sensible reply—so I tried a different question to the Deputy Prime Minister yesterday. The Wanless report reinforces the point made by the royal commission that long-term care for the elderly should be provided free at the point of use and is an urgent matter. Given that five long Budgets ago the Chancellor peppered almost every paragraph with, "Mr. Wanless this and Mr. Wanless that", he obviously sees Mr. Wanless as a guru—

Andrew Mackinlay (Thurrock) (Lab): He's a knight, now.

Mr. Heath: He is now, but he was not then. In any case, it is time that we did something to give elderly people dignity in their old age. I hope that we can have an urgent debate.

May we have a debate on housing? We have 1.5 million people waiting for a council house and homelessness has doubled in the lifetime of this Labour Government. We had an announcement in the Budget, with considerable fanfare, of £970 million for housing, but the small print of the budget for the Office of the Deputy Prime Minister contains not a single extra penny for housing. We need an explanation of why this Government do so badly in providing social housing that people can afford.

Finally, may we have a debate on communications with Australia, because there is evidently a problem? We hear that the Prime Minister has apologised for the only thing that we did not want him to apologise for—saying that he was going—and we also hear that he has

fundamentally undermined the energy policy by saying that new nuclear power stations are the future. Why on earth are we bothering with a review? There is clearly something garbling communications with Australia, and it is not even the Deputy Prime Minister. Will the Leader of the House look into that and arrange a debate?

Mr. Hoon: I was intending to commiserate with the hon. Gentleman because there was a superfluity of candidates for the deputy leadership of the Liberal Democrats, and he sadly came third. However, we live in hope, because the website that encourages such matters has already opened a book on the next leadership contest. With our sterling support, I am sure that the hon. Gentleman can only improve his position for next time.

We welcome the Wanless report and I am sorry that the hon. Gentleman has not seen the Government's response. We want to study it, and we believe that it endorses our vision as set out in the White Paper, "Our health, our care, our say". Everyone recognises that the social care system needs streamlining and reforming, and the report will help in a constructive debate about how to achieve that.

I will take no lessons from the hon. Gentleman on ensuring the dignity of elderly people in retirement—an issue that this Government have concentrated, and will continue to concentrate, on. On housing, he is well aware of the significant changes in our society, which clearly mean that more people require housing. In fact, today, more people have a roof over their head than ever before. I recognise that some of the social changes mean that more people are on waiting lists and looking for accommodation, but that does not mean that they are homeless, in the sense that they have nowhere appropriate to live. As for communications with Australia, I can assure the hon. Gentleman that they are extremely good; indeed, the flight home is going well.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Has my right hon. Friend had a chance to see a recent documentary by the BBC on the unscrupulous and unacceptable practices of some estate agents? I know that the Government are committed to legislating for the introduction of a mandatory redress scheme that will cover all the activities of estate agents, but can he assure me that such legislation will be introduced as soon as possible, and that its scope will extend to the establishing of minimum criteria that must be met to qualify to set up as an estate agent? We owe it to our constituents to ensure that they are fully and properly protected in making what, for most of them, will be the most important financial transaction of their lives.

Mr. Hoon: I am grateful to my hon. Friend for raising this important issue and as he rightly says, for most people, such financial transactions are probably the most important ones that they undertake in their entire lives. Estate agents are currently regulated by the Estate Agents Act 1979, which gives the Office of Fair Trading the power to prohibit persons from acting as estate agents in certain circumstances. However, the Government are looking at ways of improving estate agents' regulation, and we will put in place arrangements to ensure that consumers get redress from an independent body when they have legitimate grievances against estate agents. So the Government do take this issue very seriously, we recognise that there is public concern and I am grateful to my hon. Friend for raising it.

Greg Clark (Tunbridge Wells) (Con): Will the Leader of the House find time for a debate on the Department of Health's private finance initiative programme? Constituents in west Kent have been waiting for eight years for a hospital to replace one that relies on wooden huts and another that was built before the war. The decision rests with the Secretary of State for Health and she needs to make it without delay. We could use a debate to urge her to get on with it.

Mr. Hoon: I am grateful to the hon. Gentleman for drawing attention to the Government's extensive hospital building programme, which has not been matched by any other Government in the entire history of the national health service. Obviously, we want to implement such proposals in each and every area of the country as soon as we can, but I am sure that the hon. Gentleman will be the first to recognise that it is important that they are soundly financially based and deliver improvements for his, my and other Members' constituents. We need to look carefully at each proposal to ensure that it can proceed, but I can assure him that the building programme for the NHS continues, and we can all be proud of it.

Mr. Gordon Prentice (Pendle) (Lab): We heard this week that the Joint Committee on House of Lords Reform will be set up as soon as possible. How are Members going to be selected to participate in it? Will the same people who served on the previous Committee serve on it, and will there be room for people like me?

Mr. Hoon: My hon. Friend is well aware, given his considerable previous experience of how Committees are selected in this place, that they are selected through the usual channels by agreement. Those who show expertise and promise in these matters are often preferred. I make no comment on his qualifications.

Mr. Andrew Turner (Isle of Wight) (Con): May I echo the request for a debate on the health service? In particular, who is responsible for it? This year, 200 staff in the Isle of Wight health service have lost their jobs, and it has been announced today that no further cuts are possible without damaging the quality of health care available to my constituents. The Secretary of State has said that such matters are for local managers, even though she appoints the people who appoint those managers. Who is actually responsible?

Mr. Hoon: I am sure that the hon. Gentleman does not mean that question in the serious way that he seems to suggest. Clearly, the management of the NHS is ultimately the responsibility of my right hon. Friend the Secretary of State. However, if she were seeking to manage each and every detail in every part of the country, I am sure that the hon. Gentleman would—rightly—be the first to complain. There has to be a system of decentralised control and, as I know from my own constituency, it is important to have local

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managers. They know the local situation and understand the concerns of all our constituents. Decisions should be taken at the lowest level possible. I am sure that, if he thinks about it, the hon. Gentleman will agree with me.

Andrew Mackinlay: May we have a statement about senior civil servants getting honours? I should like to know why Sir Nigel Crisp was given a peerage. My working-class constituents get the sack if they screw up and, if they think that that is wrong, have to muster the courage to go to an industrial tribunal to argue for unfair dismissal. Why is it so different for senior people? Is there not a culture in our society that means that the ones who make the biggest cock-ups get the highest rewards?

Mr. Hoon: My hon. Friend is being uncharacteristically unfair about a very distinguished civil servant who has made a very significant contribution to the NHS. Sir Nigel set out very clearly why he felt that it was appropriate to move on. I, for one, am delighted that he has moved on to the other place.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May we have an early debate on how to carry forward the reform of the House of Lords? Of course, I welcome the Prime Minister's conversion to the cause of having an elected second Chamber, although I doubt his motives in making that announcement. However, it is highly undesirable that that discussion should be confined to parliamentary opinion, and even less desirable that it should be confined to the opinion of Front-Bench Members, who have a vested interest. Surely the debate should involve the whole nation, by means of a royal commission or of a Speaker's conference: will the right hon. Gentleman consider either of those alternatives?

Mr. Hoon: [illegible]e Government set out in the manifesto on [illegible]we fought the last election, certain fundamentals of the nature of reform must be put in place, and the relationship between the two Houses is not the least of them. The right hon. and learned Gentleman is probably one of the few hon. Members eligible to stand for election in the other place. I am not encouraging him to do so, but I recognise that there is an important debate to be had. We made it clear in the manifesto that we wanted the Joint Committee to sort out the relationship between the two Houses and determine the power of the second Chamber, and then bring forward options about that Chamber's composition for this House to debate. I am sure that there will be a vigorous national debate when that happens.

Mr. David Drew (Stroud) (Lab/Co-op): Before I wish my right hon. Friend a happy Easter, may I ask whether he was able, at his recent lunch, to discuss with his friends in the media the possible reform of the Lobby? Some of us believe that, given that everything in this wonderful institution is being reformed, it is about time for the Lobby to be reformed too. The matter is worthy of discussion. I advanced my interest in politics by reading about what happened in this place, which used to be well reported in the serious press. That is no longer the case, and many hon. Members would prefer briefings to be attributable, rather than unattributable. Is not that something that he, as Leader of the House, should take up?

Mr. Hoon: I got myself in trouble just lately with the media, so I understand and sympathise with my hon. Friend's concern. I made the same point yesterday, in a way that was perhaps more dramatic than his carefully observed criticisms. I think that Lobby reform is a matter that the House should consider although, ultimately, it is a question for the Lobby itself. How members of the Lobby report our proceedings is a matter for them, and for their editors, but there is a debate to be had about the relationship between Parliament and the media. It is a debate that I am happy to continue.

John Bercow (Buckingham) (Con): May we have an urgent debate in Government time on the detention of children by the Home Office? More than 2,000 children a year are held in immigration detention centres behind locked doors, high fences and barbed wire, with their privacy invaded, their family life compromised and their mental health threatened. Would not that debate be an ideal opportunity to look in some detail at the humane and successful alternative approach practised in Sweden?

Mr. Hoon: I will not accept any suggestion that the Government do not behave humanely in relation to children, whether or not their parents are legally entitled to be here. Obviously, a balance has to be struck between the country's interests in ensuring that we have a proper and effective asylum and immigration system and a requirement that that system covers the children of people who come here without an entitlement to remain. I am confident that we get the balance right, although I recognise that there is always room for improvement.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): My right hon. Friend will be aware that the illegal gangmaster responsible for the deaths of 21 cockle pickers was sentenced to 14 years in prison just this week. I hope that sends the clear message to all illegal gangmasters that we are after them. Unfortunately, the people who benefited and profited from the product—the cockles—escaped prosecution. Will he use his good offices to highlight the plight of the families of the people who died, and make representations to the Chinese Government to protect them? Even today, those people are being harassed and intimidated by illegal gangmasters still chasing them for money.

Mr. Hoon: My hon. Friend raises an important aspect of that terrible and appalling case. Those responsible have been brought before the court and given quite a severe punishment, and he is right to stress the international dimension. Organised criminal gangs stretching around the world are able to move people from one part of the globe to another, rather like commodities. That is why the Government are determined to use existing powers and take extra steps

to deal with the consequences of that appalling business, and to do so at source. I am grateful for my hon. Friend's support.

Sir George Young (North-West Hampshire) (Con): May we have an early debate on the Government's policy towards pensioners? We have just concluded a four-day debate on the Budget, but the Government at no time explained why a £200 rebate was appropriate last year but not this year, when the council tax is even higher. Can we have an early debate so that Ministers can explain, to the House and to the nation's pensioners, why all of next month's increase in the state retirement pension has been wiped out by the removal of the rebate?

Mr. Hoon: The right hon. Gentleman knows full well that last year's payment was a one-off provision of additional support. That was made clear at the time. He will also be aware that the Government have spent a substantial amount of extra money on pensioners, and that the very poorest pensioners in our society are £39 a week better off than in 1997. We have targeted extra resources on those pensioners who struggled up to that date, and at the same time we are looking at the question of local government funding and the arrangements for the council tax. That is a comprehensive approach, both to pensioners and the question of local government finance.

Gordon Banks (Ochil and South Perthshire) (Lab): Post Office card accounts have been the subject of some debate in the House. Will my right hon. Friend use his good offices to speak to Ministers in the Department of Work and Pensions and the Treasury to ensure that, post-2010 and irrespective of what happens with those accounts, every person claiming benefit who wants to get those benefits via the post office will be able to do so?

Mr. Hoon: That issue is a regular feature of business questions on a Thursday, and I am delighted to be able to give my hon. Friend my regular answer. We absolutely agree that it is important that pensioners should be able to use the post office to receive payment and conduct necessary financial transactions. The Post Office account was always designed as an interim measure to ensure that pensioners would get used to the idea of using the post office in that way. Some 25 different Post Office accounts are available, so pensioners will be able to continue to use the post office as they do today, and to derive interest and financial benefits from the process. That seems to me to be something that the whole House should support.

Pete Wishart (Perth and North Perthshire) (SNP): Will the Leader of the House review the arrangements for the Electoral Administration Bill? As far as I understand it, the Government will now seek to amend the legislation as it passes through the House of Lords to require all political parties to register all loans.

Neither the Scottish National party nor Plaid Cymru have any places in the House of Lords—we simply cannot afford it. Given that we are perhaps the only political party unsullied by this dirty money, we have quite a lot to say on this issue. In view of the public interest in the issue and the serious allegations, surely the Bill should come back to this House.

Mr. Hoon: I have never noticed on the Benches, or I should say Bench, occupied by SNP Members any difficulty in hon. Members raising their voice, setting out their views or getting their ideas across. If the hon. Gentleman feels frustrated about his inability or indeed his isolation, I will be delighted to hear from him and I will ensure that his representations are passed to the appropriate quarter.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Will my right hon. Friend consider an early debate after our return from the Easter break on the nature and quality of corporate social responsibility, particularly in respect of what we used to regard as the public utilities of this country? More and more we are dominated by a small number of large companies in every sector—energy, retailing and so much else—but public utilities are particularly important. Are we sure that, among companies, we still have a standard of investing back into the communities the money, resource and volunteer effort that we used to have?

Mr. Hoon: It is an important issue. I recognise that all companies make some contribution back to the community. I recognise equally in the modern world that more companies could do that. I am well aware, for example, of the energy companies engaging more in ensuring that we all properly insulate our homes. We can all congratulate them on that, but I recognise that they could do more.

Mr. John Hayes (South Holland and The Deepings) (Con): May I amplify the call that my right hon. Friend the Member for North-West Hampshire (Sir George Young) made for a debate on the plight of older people? It is necessary in view of the long-term care issues that Wanless highlights and which the Prime Minister first promised to deal with in 1997 at the Labour party conference. There is also the issue of old people who find it increasingly hard to access public services, who cannot get an adapted home because the Government have cut the number of social houses being built, and who will not be getting the £200 that they were given last year before the election when the Government exercised largesse, which has curiously metamorphosed into heartless parsimony.

Mr. Hoon: I simply do not recognise what the hon. Gentleman is describing. He talks about support in the home. Forty per cent. more people are today supported to live in their own home than in 1997–98. I do not know what is his experience with his constituents, but my experience is that most people appreciate that support. They believe that they are best in their own home surrounded by friends and family and familiar circumstances. That is what the overwhelming majority of my constituents say that they want and why the Government have responded. I simply do not recognise the description that he gives.

Mr. David Chaytor (Bury, North) (Lab): Now that the tectonic plates appear to be shifting in respect of the

[Mr. David Chaytor]

Government's attitude to House of Lords reform and in view of the heightened public awareness of the composition of the House of Lords and related issues, does my right hon. Friend remember that the last time this House was given an opportunity to vote on Lords reform we could not reach agreement on any of the seven options? Does that not provide a powerful argument for an early debate on the subject in this House before the Joint Committee is established to do its work so that we avoid the risk of once again not being able to agree on any of the options that the Committee may bring forward.

Mr. Hoon: It is fair to say that on other technical issues my hon. Friend often confuses me, but on this one he does not. I invite him to look carefully at the experience that not only Robin Cook but previous Governments had in bringing forward options. The reason for establishing a Joint Committee is to avoid the problems that occurred in the past. No result could be achieved because no one believed that the various options were suitable in the light of the powers enjoyed by the second Chamber under the present arrangements. That is why it is so important to achieve an agreed understanding of the relationship between the two Houses and the powers of the second Chamber before those options are put.

I invite my hon. Friend to look carefully at the manifesto, because it sets out a clear process for achieving that. Only once there is a shared understanding of the relationship between the two Houses does it seem sensible to bring forward options. On that basis, we can then have a clearer and more definitive vote on those options, on a free vote.

Mr. Andrew Mackay (Bracknell) (Con): As the Leader of the House presumably believes in ministerial collective responsibility, will he arrange for a personal statement at the Dispatch Box from the Minister for Higher Education and Lifelong Learning, who this week said that taxpayers were at the limit of what they were prepared to pay for public services, which was then repudiated by Treasury Ministers at Question Time only an hour ago.

Mr. Hoon: The right hon. Gentleman raises the question of collective responsibility as if it is some form of theological doctrine. As a former Minister, he will know that all Ministers are bound by the principle and all Ministers, including Ministers of education and at the Treasury pursue it consistently.

David Taylor (North-West Leicestershire) (Lab/Co-op): In a few hours the Division bell will ring for the last time and hundreds of Members will pour out of Carriage Gates back to their constituencies for the 18-day recess. Many will spend all of that time in their constituencies and will need good access to information and equipment to continue to give the high level of service that constituents rightly demand. Will the Leader of the House arrange time for a debate on the stability and range of services given remotely by the parliamentary and data video network—PDVN—to Members in their constituencies? On the parliamentary estate, the quality of service is reasonable and improving, but remotely that is much less true. We need to give a far better standard of service in the third millennium than we are able to give now with the current equipment.

Mr. Hoon: I rather suspect that the great majority of our colleagues have already set off to serve their constituents without necessarily waiting for tolling of the final Division bell. My hon. Friend raises an important issue. I know that the authorities of the House are continuing to improve the computer provision available to hon. Members. If he has a particular concern and there is a particular issue, I am sure that I can take it up for him.

Mr. Michael Jack (Fylde) (Con): From across the world, with remarkable clarity, the Prime Minister has re-emphasised the importance he attaches to climate change and especially to beginning work on efforts Kyoto post-2012. However, such was the importance that he attached to that that the Government's report on climate change came out under the cover of a written parliamentary answer.

Will the Leader of the House consider having a debate in Government time so that the House may express its own views on this important issue and have an opportunity to comment on the Government's review of climate change and to help inform the work of the Environment, Food and Rural Affairs Committee, which is holding an inquiry into climate change after 2012?

Mr. Hoon: My right hon. Friend's comments demonstrate the fact that this Government and this country have one of the best records in tackling greenhouse gas emissions. The new climate change programme built on the United Kingdom's position as one of the world's leaders in promoting global action on climate change. That is precisely what my right hon. Friend has done. I suspect that the right hon. Gentleman's observations would be better received on the Labour Benches if he gave credit to the significant leadership that my right hon. Friend has shown in the world. I realise that the Conservative party is beginning the long journey towards taking those issues seriously, although the Conservatives' approach to the climate change levy means that there is still some doubt about their consistency.

I remind the right hon. Gentleman of an observation made recently by Mr. Zac Goldsmith, editor of *The Ecologist* and, I understand, a member of the Conservative party, who said:

> "Cameron would not have got involved in the environment agenda if there was not a demand for it. I am taking advantage of a political party in disarray, desperately trying to find a new identity and my goal is to help that identity form around some of the ideas that are essential to *The Ecologist*."

I wish him well and I wish the right hon. Gentleman well.

Keith Vaz (Leicester, East) (Lab): May we have an early debate on a shocking report published yesterday in Leicester, which shows that inactivity among children could result in type 2 diabetes in later life? The survey, based on a review of five schools in my constituency, shows that two thirds of children do not walk to school

and half of them spend at least four hours a day watching television or playing computer games. As my right hon. Friend is committed to fitness and activity, despite being a supporter of Derby County, could he arrange for an early debate? Those findings have serious implications for our children in future years.

Mr. Hoon: I am grateful to my hon. Friend for raising such an important issue for society. I recognise that it is vitally important that young people and schoolchildren should exercise and participate in school and other sport, and should take full advantage of the opportunities that the Government make available to them. There are a number of projects and programmes in Leicester to encourage healthy eating and exercise, although I am not sure whether they are in my hon. Friend's constituency, and I am sure that they will be taken up—perhaps following the example of the team that he supports, which I wish some success next season, but not as much as Derby County.

Dr. John Pugh (Southport) (LD): Given that the new dental contract kicks in on 1 April and that there is massive anxiety about it in every constituency, would not it be appropriate to have a statement or a debate about it soon after the Easter recess?

Mr. Hoon: The new dental contract, which is available to all dentists, is a good one; it is fair and offers NHS dentists average remuneration of about £80,000, after their expenses have been taken into account. That income is guaranteed for about three years. There are more NHS dentists than ever, so it is right that dentists accept the contract and the indications are that they will do so. I realise that there is continuing debate about the need to go on improving the quality and range of NHS dentistry, to which the Government are committed.

Mr. Peter Bone (Wellingborough) (Con): In my constituency, dentistry has been privatised by the Government, yet on Tuesday I received a phone call from Dr. Edmund Chan, a senior dentist in Rushden in my constituency, who had found a fully qualified Polish dentist who wanted to work in his practice under the NHS, but the local PCT will not fund it. May we have an urgent debate on the health service?

Mr. Hoon: We have had a number of debates recently on health service matters. On the hon. Gentleman's point about privatisation, most NHS dentists are actually private businesses, working under a contract with the NHS. They have been offered a contract that is generous and fair and will give them significant opportunities not only to practise their profession but also to make a decent living from dentistry. Of course, if dentists choose not to take up that offer—in our society, they are free to choose not to do so—the local NHS can use that funding to buy in other dental services. That is how our system works and I am sure that the hon. Gentleman would agree that it should be so.

Mr. Philip Hollobone (Kettering) (Con): May we have a debate in Government time about patients whose operations are cancelled by the NHS? I draw the attention of the Leader of the House to the case of Mr. Geoffrey Wright, who lives in Rothwell in my constituency and, at 72 years of age, has just had his heart bypass operation cancelled for the fifth time. He is extremely unhappy about the situation.

Mr. Hoon: I perfectly understand why the hon. Gentleman raises a particular case and I shall ensure that my right hon. Friend the Secretary of State for Health responds to him about it in detail. However, I am sure that he understands that operations are cancelled for a variety of reasons and that he is in no way suggesting that that case is typical of the national health service as a whole.

Dr. Julian Lewis (New Forest, East) (Con): Does the Leader of the House agree that one group who will not be enjoying Easter are the families of people murdered by criminals released after serving only half their sentence under the Government's early release scheme? Is he aware of the reports last weekend that people sentenced to life imprisonment are in fact being released after serving only a fraction of their sentence, and will he review his policy of brushing aside repeated requests for a debate on honesty in sentencing, which should not be left to half-hour Adjournment debates such as that secured yesterday by my hon. Friend the Member for Monmouth (David T.C. Davies)?

Mr. Hoon: This is not the first time that the hon. Gentleman has raised the question of early release; in the past, he has also complained about probation arrangements. The issue is straightforward. Everyone sympathises with anyone who has been the victim of a serious crime, such as he describes, because a criminal was released early, but those measures have been in place for a long time and, as he is aware, they are a necessary part of managing our prison population. They were examined under the last Government, so when the hon. Gentleman refers to this Government's early release scheme he knows full well that it was also his Government's early release scheme. Such arrangements have been a constant feature of penal policy for a long time, and having looked at them the last Conservative Government came to the conclusion that any change along the lines advocated by the hon. Gentleman would be damaging to the maintenance of good order in our prisons.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): Will the Leader of the House consider allocating part of the debate on the NHS to the role of nurses in the NHS? I am sure that he is aware that this week nurses were awarded a 2.5 per cent. pay rise, yet according to the Royal College of Nursing, taking inflation into account that is a pay cut—a view that I support. Nurses are being asked to take on greater responsibility, served with redundancy notices and given a pay cut, so does not that professional body of hard-working people deserve to have their voice heard in this place?

Mr. Hoon: I could have agreed with almost everything that the hon. Lady said, apart from the slightly strange suggestion that there is a pay cut. Not only are nurses being awarded—rightly, for their service to the NHS—an above-inflation pay increase, they also benefit from a range of incremental improvements in their pay every year. The real-terms increase for nurses will be quite a bit above the headline pay increase to which she refers. So the first point is that there will not be a cut.

[Mr. Hoon]

The second point is that the Government value enormously the work of nurses. That is why we have employed more than 78,000, in addition to those who were in employment, serving the health service, in 1997. Perhaps next time the hon. Lady will look at the figures a little more fairly, but I hope that she will accept that we enormously value the work of nurses and will continue to do so.

Points of Order

12.19 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): On a point of order, Mr. Deputy Speaker. I wonder whether I could ask you to examine this proposition and to use, if you think it right, your authority to improve an infuriating situation that increasingly concerns me. I received a reply from the Foreign Office on Tuesday to a question in which I asked the Secretary of State for Foreign and Commonwealth Affairs to define the British national interest in the middle east. After five working days, the reply came that the Foreign Office would let me know shortly what the definition of British national interest is in the middle east. That in itself is an outrage. However, the following day, I got a more detailed answer that merely refers me to a website at the Foreign Office at which the answer about the British national interest is apparently given. Incidentally, that practice is widespread across many Departments. I believe that it is right that if Members of Parliament ask a parliamentary question, they are entitled to a full answer from the Department, not some impertinent note referring them to a website, which they may or may not have time to go into to try to find the answer. If a proper parliamentary answer is to be given to Parliament, it should be given in the Queen's English in understandable terms, so that Members of Parliament have it on the record and do not have to go off to the Library to ask someone to look it up for them.

Peter Luff (Mid-Worcestershire) (Con): Further to that point of order, Mr. Deputy Speaker. I suspect that I am possibly more used to gaining access to websites than my hon. Friend the Member for Mid-Sussex (Mr. Soames), but I have great sympathy for his concern, because a website can change—it can be edited and amended—whereas a parliamentary answer remains on the record.

Mr. Deputy Speaker (Sir Alan Haselhurst): The Leader of the House, who is sitting on the Front Bench, is perhaps the appropriate person to hear what the hon. Gentlemen have said, because he looks after the interests of Members—as, of course, does the occupant of the Chair. Although the occupant of the Chair has no responsibility for answers given by Ministers, it is right that Members of Parliament should get the fullest help when they ask parliamentary questions and not be faced by either undue delay or any kind of elongated paper chase. However, it is not uncommon for parliamentary answers to refer to other documents or previous answers, so that cannot be excluded, one suspects, in the name of efficiency. On the whole, there should be a bias in favour of providing correct and prompt answers to Members of Parliament.

Mr. Michael Jack (Fylde) (Con): On a point of order, Mr. Deputy Speaker. In my business question a moment ago, I properly referred to the importance of climate change, with reference to the Prime Minister's remarks. My further observations involved making a sensible request, particularly in the light of the investigation that the Environment, Food and Rural Affairs Committee is to undertake into matters connected with the Kyoto protocol post-2012. Will you rule whether the Leader of the House was in order in not addressing that issue or

being helpful in response to a Member's question, as the code of ministerial practice requires, in not indicating whether parliamentary time was available to assist the work of the Select Committee and in responding to me in simply party political terms on a serious issue?

Mr. Deputy Speaker: It would not be a unique occasion in the annals of parliamentary history if a Minister did not give the fullest answer to a question. The right hon. Gentleman must not pursue business questions now, but in a spirit of indulgence, as we are on the eve of the recess, I allowed him to put that point on the record.

BILL PRESENTED

HOUSING CORPORATION (DELEGATION) ETC.

Mr. Secretary Prescott, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Mr. Geoffrey Hoon, Mr. Secretary Clarke, Mr. David Miliband, Yvette Cooper and Jim Fitzpatrick presented a Bill to make provision about the delegation of functions by the Housing Corporation and Housing for Wales and about the validation of things done or evidenced by, and the authentication of the fixing of, their seals: And the same was read the First time; and ordered to be read a Second time on Tuesday 18 April, and to be printed. Explanatory notes to be printed [Bill 164].

ROYAL ASSENT

Mr. Deputy Speaker (Sir Alan Haselhurst): I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified her Royal Assent to the following Acts:

Appropriation Act 2006

Council Tax (New Valuation Lists for England) Act 2006

Merchant Shipping (Pollution) Act 2006

Criminal Defence Service Act 2006

National Insurance Contributions Act 2006

Terrorism Act 2006

London Olympic Games and Paralympic Games Act 2006

Immigration, Asylum and Nationality Act 2006

Consumer Credit Act 2006

Identity Cards Act 2006

Natural Environment and Rural Communities Act 2006

Adjournment (Easter)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Heppell.]*

12.24 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): At the last election, I made five personal pledges to my constituents. All those pledges appeared in my election literature, and one of them was to turn two schools in the east of my constituency—Mitcham Vale and Tamworth Manor—into academies. Both schools have been completely rebuilt since 1997, and they have some of the best facilities anywhere in the country, but while other schools in Merton are improving fast, they are both still in the bottom few per cent. of the country's schools for GCSE results and for the value that they add to pupils' education. In Mitcham Vale, nine out of 10 boys still fail to get five good GCSEs.

Local people are well aware that those schools are poor. They both have space for 1,200 pupils, but they are barely half full. Every year, I see dozens of parents in my surgery, many in tears, because they have been told that the schools that they want are full and that their children must go to either Mitcham Vale or Tamworth Manor. So, on the doorstep, the reaction to the suggestion of creating academies was very positive, as residents are fed up with bad behaviour and low results. They want to see schools with a new ethos, strong discipline and good results. So my pledges went down well at the ballot box. Although Mitcham and Morden was Conservative until 1997, Labour's majority is now more than 30 per cent.

I am pleased to say that Merton's Labour council shares my belief that academies, with new sixth forms to attract ambitious students, could take both schools out of the doldrums. The council is working hard to get the new academies opened in September this year—a very tight timetable. Like me, it is concerned that any delay could make the schools unsustainable.

At this point, I should stress that we have had great support from the Department for Education and Skills and, in particular, Lord Adonis. In fact, I cannot praise my noble Friend enough. In my nine years as an MP, I have witnessed some truly excellent Ministers, but he has always been available for advice and support, and he has been the most helpful of all. I hope that that can be put on the record.

With the support of the DFES, we were able to find two excellent sponsors for our academies. One of them was the Church of England, which has been involved in education for centuries. That sponsor would appeal to many of my constituents who want a local faith-based school. We have a very large African population in Mitcham, and a school based on Christian values, morality and good behaviour will appeal to many parents.

The other sponsor was Lord Harris of Peckham, whom hon. Members perhaps best know of as a close ally of the new Conservative leader, the right hon. Member for Witney (Mr. Cameron). The general public may know of him as the millionaire owner of Carpetright, but in south London, he is also known as a sponsor of several successful schools. His Croydon city technology college started in 1990, with 57 first-choice

[Siobhain McDonagh]

applications and only 13 per cent. of pupils getting five A to C GCSEs. Now the figures are about 3,000, and 91 per cent. respectively. Bacon's technical college's results have gone from 14 to 72 per cent., and the academy in Peckham now has a sixth form of 130 students, where previously there was none. Independent data put Harris schools in the top 6 per cent. in England. I may not agree with the noble lord's politics, but even I have to admire his personal commitment and drive to educate children who often find things tough in south London.

Both sponsors would give their schools an immediate change of ethos, which is just what they need if they are to attract students, improve results and, in the end, stay open. The wonderful new facilities at those schools were built using the private finance initiative, so there were still significant financial and legal issues to overcome, but I am pleased to say that they have been sorted out, thanks to hard work by those in the DFES and Merton council. That takes us to the consultation stage.

Earlier this year, there were three public meetings, attended by more than 500 people. A questionnaire was sent to all local parents and another was put on Merton's website. I, too, ran a survey of residents in the neighbourhoods around the schools. There was a well-organised campaign against academies, led by unions, governors and retired teachers, who, for perfectly honourable reasons, believe that religions and business men should not be involved in our schools. Those who ran the consultation went a long way to ensure that those voices were heard. Indeed, some people complained that the eight or nine people behind the campaign against academies all got to speak at length at the meetings, drowning out the voice of ordinary parents, but at least they had a chance to air their concerns and to have their questions answered. For instance, it was made clear that the schools would be charitable trusts. The new sponsors could not profit from them or sell their assets. If for any reason a school closed, its land would revert to the ownership of the local authority. It was also made clear that there would be no selection by ability.

The result of the consultation was a clear majority in favour of the proposals, by about two to one. Sadly, there were only about 700 responses—three quarters of them as a result of my survey—but it is fair to say that that whole process showed no widespread opposition to the plans. Next was the simple matter of getting Merton council's overview and scrutiny panel to agree. Labour does not have a majority on that committee, even though Merton is a Labour council, so this was obviously a concern.

Back in September, however, a rising political star made an amazing statement. He said:

> "There are times in this quite new politics we have when Tony Blair sits in the middle of the British political spectrum . . . Tuition fees. Foundation hospitals. City academies. When he does these things, I want a Conservative Party that says yes, that is a good idea . . . Not one that seeks a way of opposing him and just looks opportunistic and insincere."

That speaker was the right hon. Member for Witney. So, there was no way that Merton's Conservatives would now oppose city academies or behave in a way that was opportunistic and insincere, or was there? Well, while the Leader of the Opposition in the country was telling us that he wanted to speed up the creation of city academies, the Conservative party in Merton decided to slow it down. In November, it brought a motion to Merton council

> "to advise Cabinet to reconsider its decision regarding . . . Mitcham Vale and Tamworth Manor and to postpone it until January 2007".

When it lost that motion, it put out leaflets that said:

> "Labour Councillors voted to hand"

the schools

> "over to private sponsors—give away millions of pounds of Council taxpayers money . . . .The Labour Government shower the sponsors with Knighthoods and peerages."

Merton's Conservatives seemed not to notice that the only peer involved in the Merton academies was a Tory and an ally of their leader, or that he would be investing his own money in the schools, not receiving money from Merton council tax payers. But, of course, when the crunch came at the overview and scrutiny meeting, surely they would follow their leader and back academies. Well, there might be a new face at the top, but on the ground, they are still the same old Tories, and yes, they are opportunistic and insincere, because, along with a handful of unelected so-called representatives, they voted to ignore the public and reject academies.

Thankfully, there was still time to hold an emergency cabinet meeting, where the proposals were put back on timetable. However, there are still other hurdles to be crossed if the schools are to become academies in September. There are still more meetings to come. I am raising the issue today to draw attention to the damage being done by local politicians who are opportunistic and insincere—politicians who deliberately defy their leader and when he says "flip" they say "flop"; politicians who would rather put their personal agendas ahead of the future of thousands of children. Our children get only one chance. Funding in Merton's schools is up by more than £1,300 per pupil since 1997. Results have gone up at all key stages and many of our schools, including Mitcham Vale and Tamworth Manor, have been rebuilt.

Sadly, however, the fact is that some schools need extra help. I believe that academies are one answer. My constituents agree with me. My local council agrees with me. Even the Leader of the Opposition agrees with me. I hope that, as a result of this Adjournment debate, we can persuade Merton's Conservatives to agree with all of us, to stop behaving so irresponsibly, and to start putting our children first.

12.34 pm

Mr. David Heath (Somerton and Frome) (LD): It is always a delight to take part in pre-recess Adjournment debates, because they provide such a splendid opportunity for Back-Bench Members, in particular, to raise issues that may be particular to their constituencies, or wider issues that they do not have the opportunity to raise on other occasions. That is a valuable opportunity, and I am a little saddened that today fewer Members than usual seem able to take advantage of it. I have no doubt that the quality will outweigh the quantity.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will the hon. Gentleman confirm for the House, the nation and the record how many Liberal Democrats there are in the Chamber?

Mr. Heath: My colleagues are all fully engaged in Committee work at the moment, maintaining the Opposition to this rotten Government that the Conservatives seem to have abandoned over recent days. I applaud my colleagues for that. It is extremely important that we have a party of opposition in the House, not one that is always willing to collude when things get tough.

Some issues that have been raised time and time again in business questions, which take place each week on a Thursday, simply never get the benefit of a debate. I am not going to use this opportunity to raise issues from my constituency; I shall suggest matters that ought to be debated before the recess, and certainly before the next recess. No. 1 on my list was raised again in business questions today. It has been raised at every business questions for weeks, if not months. I am talking about the future of Post Office card accounts and the effect on sub-post offices. I found the Leader of the House's response today one of the most laughable that I have ever heard. He suggested that one of the reasons for having what he described as the interim Post Office card account was to allow old age pensioners to get used to using the post office.

Mrs. Theresa May (Maidenhead) (Con): That is what he said.

Mr. Heath: I am grateful for the confirmation from the right hon. Lady. I have got news for the Leader of the House: pensioners do not need practice in using the post office; they have used it throughout their adult life, and possibly in their childhood as well. They value the post office as something precious in their community. That was why they were so desperately keen to ensure that the Post Office card account was put in place: it enabled them to take cash out at their local sub-post office, which was to their benefit because of the way in which they prefer to do their business and budget, and was also to the benefit of the local post office, in making sure that it was a viable concern.

Mrs. May: Perhaps I could come to the assistance of the Leader of the House at this point, and suggest that there was one aspect of what he said that might have had an element of truth. Many pensioners in my constituency are having to get used to using a different post office because their local post offices—such as those in Ross road and Woodlands park in Maidenhead—have been closed under this Government.

Mr. Heath: I am grateful to the right hon. Lady and I note how cunningly she inserted a reference to her constituency in that intervention—but the same story applies in every constituency and, frankly, Mr. Deputy Speaker, you ain't seen nothing yet. If we see the demise of the Post Office card account, we see the demise of small sub-post offices across the country, whether they are in rural or urban areas. That is something that we in the House fought to ensure did not happen. Promises were made at the Dispatch Box by everybody from the Prime Minister down that arrangements would be put in place to ensure the safety of the post office network. The Post Office card account was an integral part of that. I maintain that there was never any suggestion that it was a temporary or interim measure when it was introduced. It was there as a safeguard for the future of the post office network.

Mr. Patrick McLoughlin (West Derbyshire) (Con): I am grateful to the hon. Gentleman for talking about this matter, because we have all been subjected to massive closures. In the largest town in my constituency, we went from five post offices down to one, in Belper. That was done under the urban regeneration programme, or something like that.

David Taylor: Reinvention.

Mr. McLoughlin: Well, it is another new Labour word. Can the hon. Member for Somerton and Frome (Mr. Heath) tell me when he first heard that the Post Office card account was only a temporary measure?

Mr. Heath: I recall that I heard it from the Leader of the House at business questions when it emerged as a way of getting him off the hook when hon. Members on both sides of the Chamber were asking him why Post Office card accounts were suddenly being closed, and why the Department for Work and Pensions clearly had not the slightest interest in maintaining the post office network, despite all the promises that were given. My hon. Friend the Member for Truro and St. Austell (Matthew Taylor) revealed last week that letters had been written to pensioners to warn them that if they went to the post office and took cash out, they were likely to be mugged on their way home—that is a great help to the post office network. That is the sort of nonsense that we have had to face throughout the sad and sorry decline of the network, because of the Government's abandonment of the promises that they purported to give about its protection.

Mr. Michael Wills (North Swindon) (Lab): Will the hon. Gentleman remind the House how much the Conservatives invested in the post office network during their 18 years in government, and will he tell us how much this Government have invested—for example, to continue the rural post office network?

Mr. Heath: I have not the slightest idea how much the Conservative Government invested in the post office network. There were closures of post offices under that Government, as there have been closures since, but the latest development is the unkindest cut of all, because it will mean that the postmasters and postmistresses who foolishly took this Government at their word when they said that they intended to maintain the post office network will see that that was a con. The fact that the Government are reneging on their promises will be disastrous for our post office network, and I feel sorry for the people who invested their life savings in trying to maintain a viable business, but are now having the rug pulled from under them.

Bob Spink (Castle Point) (Con): Will the hon. Gentleman give way?

Mr. Heath: I am taking a lot of interventions, which means that we are extending the length of the debate—although perhaps that may be a good thing today.

Bob Spink: I can put the hon. Gentleman's mind at rest, because I was going to raise this issue but now I will not, because he is covering the points in an excellent, admirable and eloquent manner. Does he realise that there were 19,000 post offices when the Conservatives left power in 1997, but that many of them have been shut down by the Labour Government? That is hurting the most vulnerable people in our society, damaging our high streets and changing the fabric of our community, which is deplorable.

Mr. Heath: The hon. Gentleman's last point was absolutely accurate. He knows that I share his view, because I have been arguing about the matter for several years. Labour Members sometimes experience self-delusion. They believe their rhetoric and think that the Government are performing better on some areas than the previous Conservative Government, although they are not. I was no supporter of the Conservative Government—I thought they were disastrous.

The problem hugely affects vulnerable people. I referred to housing during business questions, and that is a similar such problem. Some 1.5 million people are waiting for a council house—500,000 more than under the Conservatives. The number of homeless people has doubled and the Government are building half as much affordable social housing as the Conservatives did in their last year in government. That does not sound to me like a Labour Government—it certainly does not sound like a socialist Government.

David Taylor *rose—*

Mr. Heath: I am sure that the hon. Gentleman has something to say about that.

David Taylor: I was never one for inhaling Millbank press releases in my time as a candidate. Nevertheless, it has to be said that during the 18 years of the Conservative Government, for all sorts of reasons—I do not necessarily go by the simplistic cliché of holding the Government of the day responsible for everything that happens—the number of post offices went down from about 24,000 to about 18,000. There was a 25 per cent. reduction in those 18 years, and the Conservatives cannot walk away from that.

Mr. Heath: Indeed the Conservatives cannot, and I would be the last person who would allow them to do so. The hon. Gentleman has always been a beacon of common sense from the Labour Benches, which, I suspect, is why he has not had the advantage of any preferment during the long period of this Government.

Let me move on to the second topic that clearly requires a debate because of its importance to many hon. Members: the state of the health service. I will start with a clear statement: the Government have invested more money in the health service than I can remember any previous Government doing. That is extremely welcome and we should not run away from that fact, or be anything other than pleased that they were prepared to make that investment. However, the outcomes do not match the input, and that is why members of the public and Members of the House are worried.

I was part of the primary care system in my previous professional existence, although that was an awfully long time ago. I am extremely worried about what is happening in primary care. I worry that out-of-hours services have been decimated throughout the country. The situation is especially worrying for those of us who live in rural areas because there is now every likelihood that people will not get a general practitioner to attend for a considerable time if they have the misfortune to fall ill. A similar point can be made about the ambulance service, which is underperforming in many of our rural areas.

There is no such thing as NHS dentistry in many parts of the country. No matter how many times the Government insist that everything is all right in dentistry, our constituents know that everything is not all right because their local dentist practices are opting out of the health service and no longer providing NHS treatment. The idea that people having to travel 40 or 50 miles to visit their dentist is convenient health provision under the NHS is nonsense.

There is huge variation among our acute services and hospitals. The substantial programme of hospital building has been extremely welcome. I have been waiting for a new hospital in Frome for nine or 10 years, so it is wonderful news that it looks as if we will soon have one. However, equally, cottage hospitals in many parts of the country are closing because of a lack of funds. Major general hospitals are being hamstrung by their lack of funds, which might be because of existing operating practices, or debts that they inherited from management failures years ago. For example, the Royal United hospital in Bath is still shackled by the mistakes of a previous generation of managers, and that is affecting care in our communities now. I do not for the life of me understand how it can be right for a present generation of patients to pay the price for funding mistakes made a generation ago, and the situation is a real worry.

Siobhain McDonagh: Will the hon. Gentleman join me in celebrating the fantastic reduction in waiting times for hip replacements in the NHS since 1997? The average waiting time was well over 18 months then, and it is six months today. Will he also welcome the introduction of statins, which have reduced the need for cardiac surgery, yet do not appear in any statistics on outcomes in the NHS?

Mr. Heath: Of course I welcome those things. I welcome the significant advances that the Government have made on reducing waiting times, although that certainly should have been the case, given the investment that has gone into the service. I am sorry, but I cannot give the Government the credit for discovering statins and disseminating their use. However, it is welcome that they are available. I was one of the first Members to call for their provision as a first response, and that is now a matter of course. It is extremely welcome that the need for cardiac surgery has been massively reduced.

However, I do not welcome wards that are mothballed. There are medical and surgical staff, as well as lay staff, who are being laid off. I do not welcome the fact that I have a constituent who came to see me the other day who is in the third stage of breast cancer—a late stage. She has been refused Herceptin by her hospital trust. All the arguments about Herceptin involve whether it is appropriate for first-stage cancers,

and the need to await an assessment by the National Institute for Clinical Excellence as to whether it is an effective remedy for first and second-stage cancers. I am talking about a third-stage cancer. The only reason why the lady cannot receive the drug treatment that not only she wants, but her consultant physician insists is the right course for her, is that the hospital will not pay for it, because it does not have the money. That is scandalous.

The Deputy Leader of the House of Commons (Nigel Griffiths): That is wrong.

Mr. Heath: The Minister says that that is wrong. But that is what has happened to one of my constituents. I have written to the Secretary of State for Health. Other constituents who write to me cannot understand why their long-term prescriptive needs are not met by the health service, when those of some other categories are. We should be profoundly worried about that, and about the state of the health service.

I worry that we spend our time changing the structures of the health service rather than getting to grips with the outcomes, which are so important for patients. Mental health is always a Cinderella service. It is always the last area to be considered when it comes to funding, and the appropriate emphasis is not placed on it. I thought that we would see that happening when the right hon. Member for Darlington (Mr. Milburn) was the Secretary of State. He showed a genuine interest in the mental health service. Since then interest has evaporated, and we can see it no longer.

Long-term care is a scandal in this country. When I say "in this country", I mean in England, because it is not a scandal in Scotland. In England, patients receiving long-term care are still required to sell their homes so as to maintain their dignity in old age and look after their personal social care, as Sir Derek Wanless has pointed out in his report published today, and as the royal commission pointed out years ago. The Prime Minister said in 1997 that he could not live in a country where people had to sell their homes to secure long-term care. Yet he is still living here, and elderly people still have to sell their homes to secure long-term care. We must deal with that.

Norman Lamb (North Norfolk) (LD): Is it not incredible that the Government set up a royal commission to examine the matter that my hon. Friend has raised, nothing was done to implement the recommendations, and now a taskforce is being set up to re-examine it?

Mr. Heath: It is incredible, because we know what the answer is. We know what needs to be done.

There is an artificial division between personal care and nursing care when dealing with elderly patients, particularly with people who have Alzheimer's disease or another dementia. This is nonsensical, but the practical implications for patients and their families are immense. If we are a civilised society, it is something that we need to address. There are many things that pensioners would have on their list of priorities.

I cannot let this opportunity pass without mentioning yet again the £200 rebate. I cannot think of anything more cynical, or more guaranteed to bring the body politic into disrepute, than offering a bribe of £200 before a general election. The Chancellor of the Exchequer said from the Dispatch Box that the Government could now afford, because of their management of the economy, to mitigate the cost of the council tax for pensioners. One year later, council tax increased by 5 per cent. and the Chancellor could no longer afford the £200. Pensioners ended up paying an extra £200 or £250 on council tax. That is disgraceful. Labour Members should be ashamed of that.

I despair of a system that is so unfair for so many of our fellow citizens. I will not prolong the argument over council tax, but the system does not work for those who are on low or fixed incomes. It is unfair to them. We should recognise that and do something about it.

Mr. Andrew Turner (Isle of Wight) (Con): Whatever the demerits of council tax, does the hon. Gentleman accept that with local taxation the key issue is the decisions made by local councillors about how much to increase the tax? Whatever the system, if councillors spend too much they will have to put up the tax by too much. That is self-evident from my local authority. Having been under Liberal Democrat control for almost 20 years, in the past four years it has increased council tax by 13 per cent., 14 per cent. and then by about 3 or 4 per cent. consecutively. This year, when the Tories took control, they were able to increase council tax by less than the rate of inflation. That is a decision for local people, whatever the tax system.

Mr. Heath: The hon. Gentleman can make his local political points if he wishes. I invite him to reflect on the experience of Conservative councils throughout the country, which had to increase council tax year after year because of the withdrawal of Government grant. Let us not get into a big debate—*[Interruption.]* I am happy to have a debate if that is what hon. Members wish. I make it absolutely plain that there is no relationship between local spending decisions and the main part of council tax increases, because of the gearing effect and the infamous effect of central Government decisions. That is why councils throughout the country, whether they are Conservative, Labour or Liberal Democrat, find themselves increasing council tax every year, knowing that the people whom they serve cannot afford the increases. Councils have to meet the statutory requirements that the Government foist upon them.

Mrs. May: I am grateful to the hon. Gentleman for his generosity in giving way to me for a second time. In response to my hon. Friend the Member for Isle of Wight (Mr. Turner), he referred to Conservative councils. Does the hon. Gentleman not accept that the figures clearly show that the average band D council tax throughout the country for people living under Conservative-controlled councils is still £81 less than those in the same band under Labour-controlled councils, and £88 less than council tax under Liberal Democrat-controlled councils?

Mr. Heath: The right hon. Lady knows better than that. She knows the structure of local government finance. If she wants an illustration, I will take her to my constituency. I can take her to Milbourn Port, on one

[Mr. Heath]

side of the county border, where the average band D payment for a council tax payer will be £50 less in Liberal Democrat-controlled South Somerset district council and Liberal Democrat-controlled Somerset county council than if one were to cross the county border into Conservative-controlled Dorset county council.

We can all give such illustrations, but they do not mean anything. There is something deeply wrong about the structure of local government finance. There are some authorities that historically have never had a fair share of education funding, for example. They have never had the resources provided per pupil to match in any way those provided for other areas. The hon. Member for North-West Leicestershire (David Taylor) knows this very well, because Leicestershire has been dealt with badly over many years. Somerset is another example, and I believe that Norfolk is another. There must be transparency in the system.

What the hon. Member for Isle of Wight (Mr. Turner) says is right. People make local decisions and they should set the tax, which would be related directly to the amount that they were spending. The local population could then decide whether to back the councillors or sack them. That is the right way in which to operate local government.

Mr. Wills: Will the hon. Gentleman give way?

Mr. Heath: I will not take any more interventions on this point, because I want to move on to my last point.

Norman Lamb: Will my hon. Friend give way on another point?

Mr. Heath: All right. This is the last intervention that I shall take.

Norman Lamb: My hon. Friend mentioned the £200 payment, which was used as a means to get the Government through the general election. We have found that in health, for example, difficult decisions appeared to be postponed until after the election. In Norfolk we have a £20 million black hole with the Norfolk and Norwich University hospital—a flagship private finance initiative hospital that is facing some 700 possible job cuts. Does that not demonstrate that the system was manipulated to get the Government through the general election? Now all the problems are coming to light.

Mr. Heath: My hon. Friend is right. I make a prediction: we will have a particularly liberal Budget in about three or four years, which will see the Government through the next election. It was ever thus. Whichever Government are in power, they manipulate the figures for their electoral advantage. It is a great shame.

My last point takes us right away from parochial and even national matters to the international scene. We need a debate on what is happening in the areas of the world in which we as a nation have taken a particular interest. I find it extraordinary that since the onset of the conflict we have not had a debate on the foreign affairs issues associated with Iraq. We have an Army in the field in a country racked with violence, where enormous difficulties face our very brave men and women who go out there and serve their country—and the House does not debate it.

The House hears occasional statements from the Ministry of Defence, but we do not have an opportunity to say what we think about the conduct of affairs in Iraq, or in Afghanistan, another dangerous theatre in which we are engaged. That seems wrong. I look back at the speeches that I made on 18 March 2003 in the debate on the Iraq war, and I do not resile from any of the points that I made then. I believe that I was right. Others will take a different view. I accept that there respectable differences of opinion about whether we should have engaged in the conflict in Iraq, but events have happened exactly as I said they would at the time, to the detriment of many people in Iraq, and sadly, many British lives have been lost. We owe it to the people whom we send to Iraq to have a clear view about what is likely to happen.

A much more mature debate is taking place in America. American military doctrine is being questioned—not just the decision to go into Iraq, but how the American military conduct themselves. The idea of overwhelming strength, which has been a basic American military doctrine since Colin Powell, is being questioned as an appropriate response to insurgency. Americans are looking at the conduct of British troops back in the Malay insurgency and in east Africa, to learn lessons about how to deal effectively with insurgency.

That may be a lost cause for the Americans. I was disturbed to read in a poll recently that 90 per cent. of all American soldiers believe that they are fighting Iraq as a direct consequence of 9/11—a matter in which Iraq was not involved. But they believe that that is a direct response. Iraq lurches towards civil war, despite the good things that we perceive happening. I am not one of those who say that the election was not a good thing. Of course it was a good thing to have an election, but I also recognise the escalating violence, the determination of large parts of the population to engender further conflict, and the difficulties that our troops face daily.

We should have a debate on that in the House, as we should on the very difficult task that we have set our troops in Afghanistan, another lawless area in the world, without a clear mission that they are expected to achieve. The sooner we have that, and the sooner we establish the grounds that we set for the withdrawal of our troops and an appropriate exit strategy, the better it will be not only for British interests, but for world interests and increasing stability.

That was a brief canter—with many interventions, which prolonged the time for which I spoke—through essential topics of debate for the House, which we have failed to debate over the past Session or before the recess, and which we should debate at the first opportunity when we return.

1.4 pm

Mr. Michael Wills (North Swindon) (Lab): I shall be fairly brief. I am grateful for the opportunity to make a plea to Ministers to implement as rapidly as possible some of the recommendations in the recent health

White Paper, particularly in relation to integrating care services. In my constituency I have a special interest in seeing the integration of Swindon social services, run by the borough council, with Swindon primary care trust.

Since its inception in 1997 Swindon social services department has had a long and troubled history. It inherited from Wiltshire county council a deficit of £1 million, and it has never been able to get out from under that burden. That has nothing to do with the quality of the social workers involved, who are all, in my experience, public-spirited public servants who work extremely hard to try to deliver services to their clients. The Government have recognised the considerable problems with Swindon social services over the years, and there has been Government intervention.

Thanks to £1 million from the Office of the Deputy Prime Minister, the borough council was able to bring in consultancy services from Kent county council, one of the better social services departments in the country. Under its tutelage and with a great deal of engagement by the borough council, there have been real improvements in Swindon social services. I pay tribute to everybody who has been involved, particularly to the social workers on the front line, who have a difficult and often thankless job. I know from my own experience how hard they work and how deeply they care about the people they serve, and I pay tribute to them.

There are, however, still huge problems with social services. We cannot run away from them. Every week I see examples in my caseload. Recently, I had a case of a young woman with pronounced suicidal tendencies who had been made known to Swindon social services over many months. She had not had a proper assessment and she was getting no support. One afternoon recently she threatened to commit suicide. Her mother was desperate. She rang social services, but she could get no one to come out.

In the end, the situation was so desperate that the police had to go to the house and spend six to eight hours with the young woman to ensure that she did not harm herself. All the time the police were there doing that job—I pay tribute to them in this case—I was on the phone, trying to get social services to engage with the case. Having spent most of the day on it, it was only at about 6.30 pm that we got a duty officer to come out and take charge. That was an extreme case, but there are other cases that I see every week, showing how far social services have to go.

On the other hand, Swindon primary care trust is widely recognised to be one of the best in the country. It is an exceptional team led by Jan Stubbings, with high quality management throughout the primary care trust. It is discussing its future, a matter to which I shall return at the end of my remarks. We have the opportunity to combine an operation that desperately needs better managerial support and continuing reform with an organisation that has already proved its worth.

In a bold and inspired move, Swindon borough council has appointed the chief executive of the PCT to spend four days a week running Swindon social services. It is early days, but it seems to be working extremely well. She still spends one day a week running the primary care trust, but because of the quality of the team that she has built up there is no dilution, as far as anyone can see, in the quality of the management of the primary care trust. The gains from integrating those caring services are potentially enormous. The Government have begun to recognise that—the recent White Paper on health suggests that they do, but we must move fast.

I conclude my remarks by drawing attention to dementia care. We know that the numbers of people suffering from dementia are growing all the time. As people live longer, that is increasingly likely to affect many people in the United Kingdom. It is extremely difficult for the statutory agencies to deal with the problem. Symptoms are often not recognised early on. Typically, long-standing partners shoulder a huge burden of care, particularly in the early stages of dementia. Statutory agencies often come in quite late. There is often a great deal of confusion, which is difficult to resolve, about who should take responsibility for the care. For example, in the local hospital there are still a large number of delayed discharges, which are due to people suffering from dementia not being able to go anywhere. When elderly people are unable to look after their partners, it creates huge problems for hospital staff. As everybody knows, people with dementia need a lot of care and attention, because they go wandering, which takes up an awful lot of hospital staff's time. When I visited the hospital last month, staff told me that managing the day-to-day routine of people with dementia is still a considerable problem. People in the early stages of dementia should not really be in hospital, but there is nowhere else for them to go.

Integrating caring services could do a great deal to provide more effective care for people with dementia, and it would also have wider benefits at the boundaries between the various caring agencies, which are often quite diffuse. I hope that the Government will move quickly to implement the recommendations, because there are huge gains to be had, and I also hope that they will examine the opportunity to make Swindon a pilot for such integrated services.

In conclusion, I hope that my hon. Friend the Deputy Leader of the House will pass on to Health Ministers the point that the huge gain offered by such integration can be achieved only if Swindon PCT remains as a stand-alone PCT and is not integrated with some of the other potential partner PCTs, which the strategic health authority is currently advocating. I hope that my hon. Friend will carry forward the message that Swindon should have a stand-alone PCT and the rapid integration of social services.

1.11 pm

Bob Spink (Castle Point) (Con): It is a pleasure to follow the hon. Member for North Swindon (Mr. Wills), who spoke passionately and wisely about the care of vulnerable people and held the attention of the whole House.

In the past two years alone, the police cautioned 807 people for taking or possessing indecent photographs of children—the majority of the cautions were issued for taking indecent photographs. Given the nature of paedophiles and their tendency to reoffend, it is a fair assumption that some, if not many, of those 807 people went on to commit further offences, and a caution, rather than a public trial, helps them to do so.

[Bob Spink]

We all know that those offences destroy the lives of our innocent young children. I put it to the House that if only one of those offenders, whom my constituents and, I guess, your constituents, Mr. Deputy Speaker, consider to be perverts—they have admitted the offence—goes on to reoffend, the use of the caution for paedophile activity is wrong and should be stopped. Cautions should be used only where, first, the offence, which must be admitted in full by the criminal, has only minor consequences for either individuals or society at large, and, secondly, offenders are unlikely to reoffend after they have been pulled up by the caution. It is as plain as the nose on my face that neither of those tests is met in the case of paedophile activity—I can see my hon. Friend the Member for West Chelmsford (Mr. Burns) nodding about how plain the nose on my face is. Instead of leaving it to the decision of an individual police officer, we should stop the use of cautions for paedophile activity in all but truly exceptional cases, and then only on the advice of the chief constable.

Once paedophiles are caught, they should be put through the courts, which would ensure that the public are aware of their proclivities. That would give us a better chance of defending our innocent children by keeping on eye on those offenders.

Mr. Andrew Turner: Does my hon. Friend recall that when the subject was debated in this place, the argument was advanced that it is sometimes easier to secure a confession, and therefore to impose a caution, than it is to secure a conviction? It is therefore sometimes possible to pin down someone as an offender by offering a caution, when they might escape conviction before the courts.

Bob Spink: I recall that debate, and that is the only half-decent argument against taking such people to a full trial, but the offence and its consequences are so serious that I believe that a trial is essential in almost all cases. I am surprised that the use of cautions for that offence has increased almost tenfold over the past three years.

Today, I have tabled new clause 1 to the Police and Justice Bill, which is titled, "Protection of children: prohibition of police and conditional cautions". I hope that it ensures that paedophiles get the justice they deserve and that our children get the protection they deserve. I hope that hon. Members support my new clause, which will allow us further to debate the issue and let individual police officers know that this House takes the matter very seriously.

Mr. Heath: I shall make two brief observations. First, people who are issued with cautions are entered on to the sex offenders register, which is an important factor. Secondly, I am sure that the hon. Gentleman agrees with me that not nearly enough resources were applied to Operation Ore in order to pick up the large number of suspected cases of paedophilia that emerged from it. If the resources had been put in, I am sure that a more effective policing job could have been done.

Bob Spink: The hon. Gentleman, who is speaking for the Liberal Democrats today, makes an excellent point.

We all value our children, and that view should not stop or be varied in the case of the unborn child. Changing technology—in particular, 4D imaging technology—has drawn greater attention to the true and horrendous consequences of the abortion of a child at 24 weeks. That has raised public and political awareness of the issue of the timing of abortions, which came to a head last year in the general election campaign, when all three party leaders made a formal pledge that this House should readdress the legislation on the timing of abortion. Since then, the Prime Minister has failed to deliver on his pledge—he is the only one of those three party leaders who is still in office. I hope that all three parties honour what their party leaders said to the public.

The Leader of the House of Commons wrote to the Science and Technology Committee on 13 March in the following terms:

> "You propose, on behalf of the Science & Technology Committee, and following discussion with the Lords Science & Technology Committee, that the time may be right for the establishment of a Joint Committee on time limits for abortions.
>
> I am in no doubt about the importance of this issue, nor of the fact that . . . scientific, medical and social changes have taken place since Parliament was last asked to come to a decision on these issues in 1990. The Government . . . have no plans to change the law on abortion."

The Leader of the House did not recommend the formation of a committee to examine the matter.

I hope that the Government will listen carefully to the public view and the changing awareness of the consequences of abortion at 24 weeks and will enable, even if it is through a private Member's Bill, the issue to be debated again at the latest in the next Session of Parliament. I accept that it is a matter of conscience and is not a matter for direct Government legislation, but it needs a push, and I hope that the Prime Minister will provide it—he is an honourable man, so I am sure he will.

I will be surprised if my hon. Friends do not address the issue of police force mergers. The vast majority of people in Essex adamantly oppose the ending of the Essex constabulary. Objectors in Essex include the county council, the 12 district or borough councils and 15 of the 17 Essex Members of Parliament, some of whom are on these Benches with me today. There is clearly an overwhelming majority among those who have been democratically elected to represent the people against the merger of Essex police.

The people of Essex are equally overwhelmingly opposed to this ill-considered merger. The Home Secretary has not made the case for the merger. He has shown by his decision last week that he is failing, and the Government are failing, to listen to the people. We as Conservatives found out in 1997 what happens when the Government fail to listen to the people. I hope that he will change his mind. I also hope that he can explain the inconsistency with Hampshire and Kent, which are highly comparable with the Essex police force in terms of size, operation and nature but have been allowed to remain a stand-alone force while Essex is being merged. Policing in the UK is by the consent of the people. As Lord Hanningfield said in his letter of 20 March,

> "it is crucial that the wishes of the people are heard and are respected."

This ill-considered proposal would lead to higher costs and higher council tax; dangerous centralisation of police control in future, or at least the risk of that; loss of local understanding and responsiveness; and loss of local control. The Home Secretary must know that Conservative Members will continue to fight him on this. I thank Lord Hanningfield and Essex county councillors for leading us in this worthy battle.

Overdevelopment is a major problem, particularly in the south-east. The public are deeply concerned about the fact that the Office of the Deputy Prime Minister is trying to concrete over our green spaces, as well as brownfield sites, without providing the necessary infrastructure to support such increased development. The chief constable of Essex has stated that that overdevelopment, if not checked, could add up to 30 per cent. to crime over the next five to seven years. This is being driven by the ODPM and is giving a terrible headache to local councillors on planning committees who are doing their best to fight off the demand for ever more houses and the destruction of our green spaces. As the Basildon *Evening Echo* editorial sagely said,

"Too many homes can kill a town."

Overdevelopment is a particular problem for Castle Point. It threatens our green land and quality of life and will make much worse the already unacceptable congestion and further overburden our infrastructure.

There is an additional problem—not a new one, sadly—in Castle Point: the widespread and justified concern about a lack of transparency in planning. The public have lost confidence as a result of that. A company called Hickfort is seeking to develop 400 acres of our green belt in Castle Point. I do not want to be unfair to Hickfort and will not say today anything that I would not repeat outside this Chamber. However, there seems to have been an attempt to mislead, to some extent, landowners and the public on its proposals. I must thank the *Yellow Advertiser* and the *Evening Echo* for their coverage of this. For instance, the *Evening Echo*'s front page is starkly headlined, "'Land Grab". Hickfort seems to have made exaggerated claims of support and advice by the ODPM, Thames Gateway and the head of Castle Point borough council. Its letter of 12 December last year states:

"We have held preliminary meetings with representatives of some very influential organisations that oversee the delivery of new homes and economic growth in the Thames Gateway region. Specifically, Thames Gateway-South Essex, GO East, The Office of the Deputy Prime Minister and the Head of Castle Point Council . . . We have been recommended to . . . submit a scheme".

I have written to Hickfort but have had no reply. I have written to all those bodies, each of which denies ever having made such a recommendation. Indeed, they would not do so, as you know, Mr. Deputy Speaker. My investigations on behalf of deeply concerned residents show that Hickfort's letter to residents is untrue. Moreover, Hickfort has refused to engage with me in any way whatsoever, not even to answer the various letters that I have sent over recent months so that I can protect the interests of my constituents. That creates a lack of transparency, which must give rise to concern in local people's minds. My own position as a Member of Parliament continues to be threatened by vested interests, which I believe are driven by these issues. Several national newspapers and the Press Association have contacted me this week about that threat to my position. I can only quote my letter to all residents last week:

"I reject the old fashioned, bickering politics. I just want to get on with the job . . . simply doing what is right . . . I work for you"—

the people—

"not for 'The Party' or vested interests."

That will remain the case.

1.25 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): Let me first pick up one or two points from earlier speakers. The right hon. Member for Maidenhead (Mrs. May) was quick to cite the band D council tax statistic that is so often bandied around—no pun intended. It is a particularly misleading statistic, because better-off areas tend to have more properties in higher bands than D, therefore the median property would be a band C or D. A far better measure is council tax per dwelling, not at band D level. It is not surprising if Conservative areas have a lower band D council tax.

The hon. Member for Somerton and Frome (Mr. Heath) said that it was unknown for there to be a Budget prior to an election that was not a come-on to the electorate—I paraphrase a little. I point him to the example of the Budget by Roy Jenkins in which, despite great pressure from his Labour colleagues, he was very abstemious in that regard and Labour lost the ensuing election. I do not know whether the two facts are linked.

The hon. Member for Castle Point (Bob Spink) mentioned abortion. Wide cross-party support has been given to an early-day motion asking for a lower limit of 20 weeks, in some cases 18 weeks, or in my view, 16 weeks. He also discussed the merging of police forces in Essex. We have a similar situation in the east midlands, where there is no support for an east midlands-wide force but that seems to be our fate.

I have the privilege of representing the constituency of North-West Leicestershire, which is, and has been for centuries, a mining and mineral seat. Unfortunately, the mining has now disappeared but it is still very much a constituency where the extraction of roadstone and building materials is an important part of the local economy. In the pre-Christmas Adjournment debate, I raised concerns about the roadstone coating industry. The right hon. Member for Maidenhead was good enough to say in her winding-up speech that she had been riveted by it and that it had been the highlight of her parliamentary year. Again, I paraphrase a little.

The builders' materials industry and construction products firms located in North-West Leicestershire have some problems. Like every other Member of Parliament, I visit employment bases in my area as frequently as I can, and I am in regular contact with them. Those firms have had a mixed reaction to last week's Budget. They point out that a good number of firms are facing the triple problem of high energy prices, participation in the emissions trading scheme, and an increasing climate change levy, which they are not sure will help companies to become more energy efficient. They are happy about working within the climate change agreements but suggest that it would be more effective to have more firmly enforced climate change agreements, which imposed penalties, instead of a levy that is recycled back into the broader industry.

[David Taylor]

Some of the measures in the Budget that assist firms in my area and other parts of the country are welcome. I am pleased that our Government remain committed to reducing red tape and speeding up the planning system. However, we must wait and see whether the words, which we have heard before—not only from our Government; it is a difficult goal—about reduction of red tape will be followed by effective action.

The fact that there is no significant increase in other businesses taxes has been met with relief. However, the Government need to acknowledge the time required by industry in North-West Leicestershire to absorb past tax increases. I look forward to the Chancellor's setting a clear programme for further easing the tax burden on business rather than simply saying that he is not making it worse.

The Budget had an environmental theme. As someone who was active in environmental pressure groups even before I joined the Labour party, I welcome that and I am pleased that the environment is a Government priority. However, the construction products industry in North-West Leicestershire believes that the measures introduced have fallen short of what is possible. There are some genuine opportunities to provide financial incentives to improve energy efficiency, which would benefit firms in my area. Although plans to ensure that an additional 250,000 homes are properly insulated and the £50 million extra funding for micro-generation are welcome, they are relatively modest measures given the scale of what needs to be achieved. The industry and I would like a clear, long-term strategy for making existing building stock more energy efficient.

Mr. Heath: As a fellow Member for a mining and quarrying constituency, may I bring the hon. Gentleman back to aggregates? Has his constituency experienced the benefits of the aggregates levy in dealing with the after-effects or continuing effects of quarrying? Is he as alarmed as we are in Somerset at any prospect of the proceeds of that levy being nationalised and distributed throughout the country rather than in those areas that are directly affected by quarrying?

David Taylor: Yes, the aggregates levy has made a significant impact on the numerous quarries in North-West Leicestershire. I remember being part of a lobby to the Financial Secretary at its inception, but I have to say that its benefits have been limited and its downside even more significant than was feared when it was introduced.

I want to consider ways in which carbon emissions from existing housing stock can be reduced more rapidly. The 2003 energy White Paper stated that it placed energy efficiency at the heart of UK energy policy and sustainability. The sharp rise in energy costs for domestic consumers and industry in North-West Leicestershire and elsewhere in the past year serves to underline the economic as well as environmental benefits of improved energy efficiency.

The construction products industry is a major user of energy in producing and supplying its goods. It continues to invest heavily in measures to improve energy efficiency and generally enhance environmental performance, as I know from my visits to the numerous sites in my area. The industry has a critical role to play in increasing the energy efficiency of other parts of the UK economy.

Domestic households are responsible for 30 per cent. of total UK energy use. That is the equivalent of approximately 40 million tonnes of carbon a year. Of that, 82 per cent. is used on heating and hot water. More thermally efficient heating systems and better insulated homes can substantially cut those emissions and relieve the pressure on sections of the economy and society that are being asked to bear the burden of reducing carbon emissions.

Mr. David Drew (Stroud) (Lab/Co-op): It is a pleasure to intervene on my hon. Friend and I agree with him about domestic premises. However, does he also agree that it is especially riling that many public buildings are unnecessarily hot? I am sure that that has much to do with those of us who work in them getting ill because when we go outside, we immediately feel the worst of the cold. If the heating in public buildings could be turned down by 5° or even 10°, I am sure that we would save an enormous amount of energy. Does my hon. Friend agree?

David Taylor: Yes. If one drives past the Palace of Westminster in the small hours of the morning, it is disappointing to see the extent of the lighting on large parts of the parliamentary estate. Surely we should do more about heating and lighting.

The construction products industry welcomes the wide variety of measures that the Government have introduced in the past seven years to help household energy efficiency and to keep homes warm. The decent homes target has begun to deliver significant improvements in energy efficiency in the social housing sector, and the commitment to the warm front programme has helped many vulnerable private sector households.

Although the current mix of policy measures is lifting many households out of fuel poverty, it does not yet deliver the significant change in the required related housing investment. That must happen if the Government are to secure their target of a reduction of 5 million tonnes of carbon in household emissions in 2010.

The disappointing reduction so far is due to two factors. First, many existing programmes have been primarily directed at lower income households to tackle fuel poverty. I understand and endorse that. Secondly, the greatest environmental problems are emissions from poorly insulated, inefficiently heated and, typically, larger homes. I occupy a similar home. Indeed, such dwellings are often occupied by higher income households for whom energy costs are a small proportion of their expenditure. How do we provide incentives to that large group of people to tackle the energy inefficiency of their homes?

The Government should develop a much more comprehensive strategy for curbing emissions by all households. They should do that by building on the existing programme, which is already tackling fuel poverty. Without a clear strategy and a well resourced

approach, industry will continue to bear the brunt of the necessary reductions to deliver the Kyoto and other targets. The domestic and transport sectors must play a bigger part. In all three cases, there will be a beneficial effect for firms such as the construction products industry in North-West Leicestershire and elsewhere, which are in the engine room of the economy. They are pleased to be there but believe that they bear more than their fair share of that target burden.

1.38 pm

Mr. Patrick McLoughlin (West Derbyshire) (Con): It is a pleasure to follow the hon. Member for North-West Leicestershire (David Taylor). He was right to say that there is almost no support for combining the police forces in Leicestershire, Derbyshire, Nottinghamshire, Northamptonshire and Lincolnshire. I hope that he can influence the Home Secretary, who seems intent on ignoring all local opinion and pressing ahead with those proposals. They were not mentioned just over 12 months ago, when the Government were re-elected.

The Government are becoming notorious for their broken promises, on road congestion, climate change, carbon emissions, pensions, the Child Support Agency, dentists and so on. Indeed, all hon. Members can draw up a list; the Post Office was mentioned earlier. Last year, the Government picked up one of the policies that the Opposition were pursuing with some vigour to reduce council tax for pensioners by £500. The Government tried to trump us and introduced a £200 reduction for pensioners, but only for a year. They did not tell anyone at the time that it was going to be for only one year. I got a leaflet in my flat in London last weekend from the leader of the Labour group in Lambeth council. The leaflet said:

"We will:

Press the Government to provide more help for pensioners to pay their council tax bills."

It is a pity that they did not try to influence the Chancellor before he made his Budget speech.

The main reason for my speech today is that I want to talk about some specific issues that are important to my constituency and to the people of West Derbyshire. For some years, I have been pressing the Government to resurface the A50, which is a very heavily used concrete road that links the M1 and the M6. I was delighted when, in April 2003, I received a letter from the then Transport Minister, the right hon. Member for Warley (Mr. Spellar), saying:

"I am sure that you will be pleased that the A50 Doveridge Bypass has been given a high priority and, subject to the availability of funds, is programmed for the period 2004/5"

for resurfacing. I then got a letter from the Secretary of State for Transport to confirm what the Minister had said. In a letter dated 22 July 2004, he said:

"There are four sections of concrete road along the A50 Stoke to Derby link road. Resurfacing of the Doveridge Bypass could be done in financial year 2006/07"

once finalised budget decisions have been taken.

Hon. Members can therefore imagine my sorrow, and that of all those who are affected by this very noisy road, when I received a letter from the Minister of State, Department for Transport, the hon. Member for South Thanet (Dr. Ladyman) in June 2005, in which he says:

"I am sorry that the Highways Agency is not able to take forward this resurfacing work over the next three years. Resource funding for transport came under particular pressure following the last spending review. Following detailed scrutiny of departmental and the Highways Agency's budgets, Ministers"—

in the past, these decisions have been taken by the Highways Agency—

"agreed that the resurfacing of concrete roads ahead of maintenance need, for noise reasons, would not be allocated funding."

So there we have it. It was not the Highways Agency but Ministers who decided that the resurfacing would not happen, and I want to hold the Government to account. For two and a half years, we had promises that it was going to happen, and that we would get the benefit of the road resurfacing. Then, lo and behold, mysteriously, just after the general election, we were told that the promises that were made before the general election no longer held any weight. That is very disappointing to my constituents, and to all the people in Doveridge and the surrounding area. It is not only Doveridge that is affected.

I have the honour to represent one of the most beautiful constituencies in the country. The Peak district attracts more than 20 million visitors each year. It is known as the lungs of England, and is within an hour's drive of 60 per cent. of the UK population. One of the biggest issues in the area is that of quarrying. A few months ago, the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for South Dorset (Jim Knight) came up to look at a problem at Backdale quarry, and he was very sympathetic to the case that the Peak park was making that a stop notice should be served on that development. Indeed, he encouraged and helped the Peak park along the way.

So it was with great disappointment that I heard yesterday that a public inquiry into the issue, which had already been postponed once, has been cancelled just a few weeks before it was due to start. I wonder why that particular public inquiry would be cancelled at short notice. Unfortunately, it is true to say that this comes after the Deputy Prime Minister declared that the stop order preventing quarrying at Longstone Edge was null and void. The park authority had issued the stop order to the quarry firm in January. The decision to overturn the stop order comes after a similar order by a local authority imposed on a company in Wales was thrown out by a judge.

The people in the Calver area have been waiting for a determination from this public inquiry for quite some time, and it is very disappointing that yet again the stop order has been overturned. Between 2003 and December 2005, some 573,000 tonnes of limestone were quarried in Backdale. Only 11,500 tonnes from that extraction were for fluorspar, which is what is allowed to be extracted under the present regulations. That is why the inquiry was due to take place, but it has been cancelled yet again. This is causing great disquiet throughout the Peak district. It is time for a serious re-evaluation of this case, so that lessons can be learned for other parts of the country.

[Mr. Patrick McLoughlin]

We have been assured for the past 12 months or so that the single farm payments would be made on time. Indeed, the latest edition of Farming Link from the Department for Environment, Food and Rural Affairs states:

"Full payments on track for farmers",

and that those payments will be made by the end of March. I believe that the end of March is tomorrow, and I do not think that that target will be met. Even the Government now accept that there is no chance of that happening.

This is causing devastating problems for the rural economy. The payments have been made in Wales and Scotland, but because of the particularly complicated system introduced by the Secretary of State, England is suffering from an almost complete computer failure and farmers are not going to get the money that they were expecting. This is causing serious concern in the rural areas of my constituency. This morning, I spoke to a young farmer from Ashbourne, Mr. Cotterell, who told me that the Department was full of chaos and confusion. That attitude towards DEFRA is now recognised throughout the agriculture industry.

Mr. Heath: I am pleased that the hon. Gentleman is raising this issue, which is important for many rural areas, including my own. Does he agree that there was always an argument for making an interim payment to farmers before detailed calculations were made? In the light of the debacle at the Rural Payments Agency, that argument is now overwhelming. Those payments must be made if businesses are to survive.

Mr. McLoughlin: I agree with the hon. Gentleman. All of us who represent farming constituencies or rural areas understand the problems that this is causing.

The Government's apparent disregard for the rural economy is the most dispiriting thing for my constituents. I have seen many thousands of farmers, and they also want to know when the Government are going to take some action on bovine tuberculosis. The Government's record is one of promises of action, followed by inaction. Yet another consultation will not inspire the confidence that they have the will to tackle the disease effectively. Meanwhile, the disease is spreading. The number of cattle slaughtered in Derbyshire under the TB measures rose from 57 in 1998 to 608 in 2005. The number of new confirmed bovine TB herd incidents increased from seven in 1998 to 66 in 2005. The cost to the taxpayer nationally has increased from £17 million in 1997 to more than £90 million in 2004–05. The Government have spent eight years delaying what I accept are difficult decisions. Unless they make those decisions soon, however, badgers, cattle and farmers will continue to suffer.

There is genuine concern in the rural economy about the attitude of the Government to agriculture, and about the attitude of the Secretary of State to the farmers whose interests she is supposed to look after. I have had correspondence from Mrs. Pilkington, who farms in Hartington, and asks, "Where is the money?" The shambles that is the Rural Payments Agency is a disgrace. What makes it more of a disgrace is that the Government have been warned consistently by Committees of the House that there was a problem. Not long ago, the Minister responsible dismissed the report of the Environment, Food and Rural Affairs Committee, and said that everything was fine. Sadly, we now know the truth, and it is not fine.

David Taylor: As one of the two rapporteurs on this issue from the Environment, Food and Rural Affairs Committee, may I ask the right hon. Gentleman to exempt from his sweeping condemnation of the Rural Payments Agency the middling and ordinary staff who are working their hardest under the most difficult of circumstances, with a computer system that fails to deliver? They are not responsible for this problem.

Mr. McLoughlin: I totally accept that point. I attended the debate about those problems in Westminster Hall, which the hon. Gentleman also attended, and I acknowledge the work that he has done and the time that he has spent considering this matter. I am not blaming the staff, but I am blaming the management, and obviously, the Secretary of State has blamed the management, because she sacked the chief executive. It seems that the responsibility ends with the chief executive, and not with the Ministers who were responsible, I am afraid, for ignoring the advice given by this House and instead listening to officials. There is confusion about what the two ends of the Department are up to. As I have said, many farmers have contacted me, including one, Mr. Cotterell, who said that the trouble is that there is a 31 March deadline for farm waste grants, and unless he can have a confirmed payment from the Rural Payments Agency, he cannot apply for the other grant. It seems that neither of the two sections in the Department knows what the other is doing.

Those are some of the problems that my constituents are facing as a result of Government promises. When the time came for road resurfacing to happen, a letter arrived saying that it had been reviewed, it was not affordable and it was not going to go ahead. In the Rural Payments Agency, there is chaos. Bovine TB and other issues affecting my constituents leave them frustrated. They believe that the Government do not care about the rural environment, and if they did care, they lost interest a long time ago. Those serious problems face many ordinary people in my constituency, and I hope that the Government take measures to put them right in the not-too-distant future.

1.53 pm

Mr. Andrew Turner (Isle of Wight) (Con): It is a great pleasure to follow my right hon. Friend the Opposition Chief Whip, and I certainly endorse his remarks about the failure of the Government to take appropriate care of and interest in the rural economy. I think that I exempt the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for South Dorset (Jim Knight) from that. The problem is that he does not have sufficient clout in his Department, and his Department does not have sufficient clout within the Government, to ensure that the needs of the rural economy are properly taken care of.

The contributions this afternoon, particularly that of my right hon. Friend the Member for West Derbyshire (Mr. McLoughlin), have demonstrated the value of this

kind of debate. It is a great pity that there are only three such debates a year. The Deputy Leader of the House and my right hon. Friend the Member for Maidenhead (Mrs. May) are responsible for that issue, unlike most of the issues raised in this debate. May I suggest to them that we should repeat this kind of debate whenever the business of the House collapses? If the business of the House collapses at six o'clock, and we are not due to finish until 10, we should have a debate of this kind, in which Members who perhaps have not been called at Question Time and have not had the opportunity to have a Westminster Hall debate or to catch your eye, Mr. Deputy Speaker, or that of Mr. Speaker or the other Deputy Speakers, could raise matters. There could be a member of the Government on the Front Bench taking note, perhaps with messages sent back to the appropriate Departments, or with the Departments watching the debate on television, so that they can send notes to the member of the Government on the Front Bench, who can be inspired to respond to the issues that right hon. and hon. Members on both sides of the House think are important on that day. It is far better to deal with these issues immediately than to save them up until the end of term or to wait in the hope of catching your eye, Mr. Deputy Speaker.

In making that recommendation, may I also apologise to the Deputy Leader of the House, my right hon. Friend the Member for Maidenhead and you, Mr. Deputy Speaker, in case I am unable to attend for the wind-ups of this debate? I hope that I shall be able to attend, but, obviously, it depends on the duration of the debate, and I have business elsewhere later.

First, I want to follow up an issue that I raised in business questions, and which I believe that the hon. Member for Somerton and Frome (Mr. Heath) raised in an earlier business questions: who takes responsibility for the health service? The Leader of the House responded in business questions today that responsibility for the health service is divided between the Secretary of State and local managers. He said rightly that the Secretary of State cannot possibly take responsibility for every individual decision of local managers up and down the country. I would accept that, were it not for the fact that the Secretary of State appoints the people who appoint those local managers, instead of the local managers being answerable locally. Indeed, the Secretary of State intervenes at almost every conceivable stage in the local management of the health service, by setting targets, trying to abolish postcode prescribing, raising salaries, imposing the European working time directive and a range of other methods, which make it much more difficult for local managers to manage their health service in a way that is acceptable to local people.

As one might expect, I want to give as an example what has happened on the Isle of Wight in recent years. Shortly after I was elected, I was presented with a document that set out the needs of the island's health economy for more money. It is generally accepted that we are fortunate to have St. Mary's hospital on the Isle of Wight, largely owing to the pressing and hard work of my predecessor, Barry Field, and of course to a Conservative Government who agreed to its rebuilding. It is a district general hospital that serves between a third and a half of the population normally served by a district general hospital, and is funded accordingly.

It is understood that living on an island has certain disadvantages, although they are hugely outweighed by the advantages, but one of those disadvantages is that not all services are available as easily as one might expect. However, the Government have been pouring on to my local hospital additional responsibilities that do not necessarily result in better patient care. The hospital already had other responsibilities, and it takes a certain number of people to man a maternity unit regardless of the number of births with which it deals. We cannot have a hospital, or an island, without a maternity unit—we cannot expect a population to survive without one. It is largely because of our need for a maternity unit that we still have the hospital, because of the other services attached.

However, the need for a maternity unit cannot be measured simply by the number of births. It must be measured more in terms of the basic need to man the unit, and I fear that the system that allocates resources between hospitals does not take account of that basic need. Another example is an accident and emergency unit which requires a consultant to be available at all times. Owing to the imposition of the European working time directive on my local hospital, we need to employ more consultants, without more resources, in order to provide that unit.

The position has been recognised for a long time by my local health managers. For months, indeed years, I have been saying to them, "Come on, we must make the case for more resources to the Government." They have put me off and put me off, on a number of occasions. For what they consider to be good reasons, they have said, "We are going to try a different approach. We are going to try to economise, try to introduce efficiency savings, try to displace some services to the mainland, and try to amalgamate." I am pleased to say that the amalgamation was agreed earlier this week, between the primary care trust and the hospital trust. Let me say for the benefit of the hon. Member for North Swindon (Mr. Wills), although he is no longer in the Chamber, that the new set-up will take on adult social services in the fullness of time.

That shows that such things can be done. It seems to me, though, that managers in the health service—and, indeed, chairmen and directors—have received the message that it is inappropriate to make representations through a Member of Parliament for changes in funding arrangements. That is what I understand from what I have been told. There appears to be no appetite—certainly there has been no appetite in the strategic health authority or the Department of Health—for difficult messages conveyed by local managers through their Members of Parliament. Managers may press them through the bureaucracy of the national health service, but if they go through Members of Parliament they are likely to have their heads chopped off.

I consider that unacceptable. Sir Ian Carruthers, who was chief executive of my strategic health authority and that of Dorset and Somerset, has now been elevated to the post of acting chief executive of the national health service, but I am assured by the new acting chief executive of Hampshire and Isle of Wight SHA, Eileen Spiller, that there is no such imposition on local managers. She says that they are free to give evidence to Members of Parliament, which they may use in the House and elsewhere, on how the allocation system, for

[Mr. Andrew Turner]

instance, should be changed. It has not happened, though. The evidence is there, and can be obtained. Certainly it could be obtained five years ago, so there is no reason why it cannot be updated and obtained now. It does not seem to be acceptable, however, for it to be produced.

We hear that in the current year 200 staff have been lost to St Mary's hospital and Isle of Wight Healthcare NHS Trust. Today, I think for the first time, it has been admitted by officials of the trust that no further cuts can be entertained without a significant reduction in the quality of patient care available on the island. That information was on the Isle of Wight radio website today. I have concluded that it was possible for the trust officials to say that partly because they have made as many cuts as they can, but partly because Sir Ian Carruthers has been moved to a higher post. The acting chief executive of Hampshire and Isle of Wight SHA assures me that bad news may be presented by senior health service managers.

There are, of course, bits of bad news that I too present from time to time, and I thank those who provide me with that information. An example of bad news has been, in the past, the lack of NHS dentists on the Isle of Wight. I must thank the Minister of State, Department of Health—the hon. Member for Doncaster, Central (Ms Winterton)—first for admitting that it was unacceptable for people to have to cross the Solent to find NHS dentists, secondly for coming to the island and ensuring that real efforts were made to appoint more of them, and thirdly for allowing, or perhaps ensuring, the appointment of 14 more of them over the past 12 months. That is excellent. The only problem is that the number of people who are no longer registered with NHS dentists has not fallen over those 12 months but risen, because more and more dentists are leaving the NHS.

Taken together, the 24,000 people who have registered their need for NHS dentists on the Isle of Wight and the 36,000 or so who are already on NHS dentists' lists make up only half the population of my constituency. So half the population have no prospect of securing NHS dentists, 30,000-odd have NHS dentists, and, we are told, 24,000 are likely to obtain NHS dentists—not while those 14 are being appointed, not within 12 months of their being appointed, not, in fact, until two years have elapsed since their appointment.

That is an entirely unsatisfactory level of service to my constituents. It reflects very badly on the Prime Minister that he made a promise back in 1998 or 1999 on which he could not deliver. He should have checked. He made a promise that by the end of 2001, everyone would be able to have access to an NHS dentist. He could not deliver on the promise, and he should have known that when he made it. It was a promise made either flippantly or with malice, to mislead. I am sure that it could not have been the latter, and it reflects ill on the Prime Minister if he made it in other circumstances.

The most damaging cut, potentially, that my NHS trust has made over the past 12 months is the withdrawal of payment of fares to people who need radiotherapy. The fares were paid to enable them to cross the Solent and attend a hospital in Southampton. The health service estimated the saving at a meagre £38,000, which could have made the difference between people undergoing radiotherapy and not being able to afford it.

I am pleased to say that Isle of Wight council—which, as I said earlier, is now under Conservative control—stepped in, and provided money to meet the shortfall. It really is disgraceful, however, that in days when Ministers talk of equal access to NHS services, those who are poorest cannot have access because they cannot afford it. It really is disgraceful that pensioners cannot have access to radiotherapy services. It is disgraceful that they cannot be accompanied by their husbands or wives when they attend for such services, because they cannot afford the journey.

The more the health service is centralised and, indeed, the more choice the Government give patients—I accept that that is a good thing—the more people will fail to gain access to the services that they want or need. I believe that the Government should address that issue before appointing new health service bureaucrats and setting up new health service quangos.

I am very proud of the work that the Isle of Wight council has done, not only in stepping in to fill that breach, but in several other areas. I do not often boast about my local authority—I did not have the opportunity to do so until May last year—but, to paraphrase my hon. Friend the Member for Henley (Mr. Johnson), I went to the trouble of helping the Conservatives get elected, so I am entitled to boast about them. They inherited a near to failing local authority with a near to failing education system—

Mr. Nicholas Soames (Mid-Sussex) (Con): Liberal Democrats!

Mr. Turner: It was indeed run by the Liberal Democrats, who led the Isle of Wight council for more than 20 years. My colleagues on the council, led by Councillor Andy Sutton, have taken determined steps to improve the quality of service, not only for 12 months but for the next four years. I congratulate them warmly on what they have achieved.

First, my colleagues have put considerably more resources into education and adult care. Secondly, they have paid the cost of cross-Solent travel for many elderly patients. Thirdly, they have extended the Government's scheme for free off-peak public transport for pensioners, so that now the over-65s on the Isle of Wight can travel by train or bus anywhere on the island free of charge at any hour of the day or night. Fourthly, they have introduced a 50p standard bus fare for anyone under the age of 19, which is a great improvement on the £2.50 or so that it cost until recently to travel from Newport to Shanklin.

That 50p bus fare will not only transform the access that young people have to schools, colleges and recreational facilities, but will save lives. We have a sad record of too many young people dying on our roads. I congratulate my local bus company, Southern Vectis, which is introducing buses that run until 4 am on Fridays and Saturdays between Newport and the other main towns, so that young people can now travel by bus late at night. That will get them out of the habit of sharing cars late at night. There are few things more dangerous than several young men sharing a car, except possibly several young men and young women sharing a car.

Finally, the council has introduced an all-island £50 parking permit that entitles islanders to park anywhere on the island at any time of the year. That is a huge achievement and I congratulate all 36 Conservative councillors, especially Councillor Andy Sutton, on their first 12 months. As I told the Minister when I attended a meeting with him and Councillor Sutton, I did not believe that things could be turned round as quickly as they have been. There was a mountain to be climbed on the Isle of Wight. We are still in the foothills of that mountain, but in the past the leaders of the council displayed no vision, hope or direction. At least now the leader of the council has his eyes fixed firmly on the summit of that mountain, and we are climbing out of the foothills.

2.13 pm

Mr. John Randall (Uxbridge) (Con): I am pleased to be able to take part in this debate, which—as my hon. Friend the Member for Isle of Wight (Mr. Turner) said—is a useful opportunity to make a wide-ranging speech. Perhaps there might be opportunities to increase the number of such debates.

I also wish to echo the sentiments expressed by the hon. Member for Somerton and Frome (Mr. Heath) about a debate on foreign affairs. We could discuss not only Iraq and Afghanistan, but other matters. This week is the seventh anniversary of the bombing of Yugoslavia. Without repeating the arguments about whether that was right or wrong, that part of the world has largely been forgotten. Although talks are taking place to establish the final status of Kosovo, it is a shame that we have not really had the opportunity to discuss the present situation. Thanks to Mr. Speaker, I managed to obtain a debate in Westminster Hall recently, but I was not able to go over the subject fully and other people did not have the opportunity to join in.

I make a plea to Ministers, right hon. and hon. Members and the media to visit Kosovo and see what is happening. The pendulum has swung the other way and an apartheid system is operating, with the few Serbs remaining living in small, enclosed areas that have to be guarded by troops. Even more worrying is the complete destruction of the centuries-old culture, with the razing of churches, monasteries, graveyards and cemeteries, some of which have been turned into car parks and some into football pitches, seemingly in an attempt to try to deny the history and culture of the area. Those are difficult issues, but we do not do the peace of Europe a service by trying to ignore them.

One of the most pressing problems for my constituency, as for many others, is the health service. The problems of gaining access to NHS dentistry have already been mentioned, and Uxbridge has exactly the same experiences. More worryingly, Hillingdon primary care trust has one of the largest deficits in the country. I have to say that I was not impressed when the previous chief executive fell on his sword and a part-timer was appointed, who was at the same time the chief executive for Harrow—which had its own problems—and had to split his time between the two. That has now been resolved and we have another full-time chief executive, but the problems continue.

I am not surprised at some of the goings on, because I have taken a great interest in the fiasco of the Paddington health campus, on which millions of pounds of taxpayers' money have been wasted. The National Audit Office and the Public Accounts Committee will look into that and I do not wish to prejudge their findings, but it is a matter of record that the Department of Health and the strategic health authority obstinately refused to accept that their vision was unworkable and unaffordable. In the meantime, huge amounts of money were wasted, and that is just one example in which I have personally become involved. When I think of all the money that was spent on consultants and so on, I am not entirely surprised to learn of the deficits around the country in health services. It is not that the Government have not put the money in: it is how it is used and, in many cases, wasted.

Another problem to the north of my constituency, but which affects my constituents directly, is the threat of withdrawal of cancer services from Mount Vernon hospital. Like Harefield hospital, Mount Vernon is world renowned and much loved, but it is proposed to send people to Hatfield for treatment, even though the site for the Hatfield hospital has not yet been identified or planning consent obtained. It is obvious that the travelling time will be a huge problem for anyone suffering from cancer and needing radiotherapy or chemotherapy.

Mrs. May: The concern about the closure of cancer services at Mount Vernon hospital to which my hon. Friend refers is shared by those of my constituents who are asked to go there for treatment. Indeed, I have received a number of letters expressing worry about the proposal.

Mr. Randall: I am very grateful to my right hon. Friend for that intervention, which emphasises the problem that exists. Those responsible for these decisions seem not to understand the real needs of our constituents.

A perennial problem that is unfortunately on the minds of most of my constituents is the potential expansion of Heathrow through the creation of a third runway. I am delighted to say that the political parties in Hillingdon and the various other local boroughs are still united on this issue. My concern is that the Government are not taking aviation emissions seriously, although I have to say that that would probably be true of any Government at the moment. I was interested to hear on the "Today" programme this morning that the Conservative party policy group is taking this issue seriously. I hope to make my contribution to the debate, to ensure that people understand just how serious an issue this is. We really must have cross-party consensus on it, because the decisions that have to be taken will not be universally popular. The Government and the political parties have got to take a real lead.

Heathrow does of course bring benefits in terms of jobs, but it is a major polluter. Another effect locally is that it brings various people into this country who are seeking asylum, and we accept that responsibility. Some two years ago, the London borough of Hillingdon was asked to take responsibility for unaccompanied child asylum seekers. As a result of the "Hillingdon judgment", Hillingdon has financial responsibility for such people up to the age of 25. Of course, that imposes a great financial burden on the local authority, which

[Mr. Randall]

has, it is true, been recompensed through national Government resources. We accept the situation, which is the result of our geographical position, and we are prepared to take on such responsibility, but we do not think it fair for council tax payers' bills to be increased as a result.

Two years ago, the Home Office and the Department for Education and Skills were not providing enough money to enable us to deal with this issue. The Home Office quickly came up with the goods after representations were made by a cross-party delegation. Eventually, the DFES sorted out the situation, and we thought that we had an agreement; then, it changed its mind about how much it was prepared to provide. I have examined the relevant papers and I am trying to be fair on this issue; in fighting for Hillingdon, I want to ensure that we are in the right. The local authority had set its council tax for this year, so it cannot do anything about that; indeed, had it not done so, it would probably have been capped. However, as a result of the DFES's decision, the local authority has had to issue redundancy notices to some 250 civic centre staff in Uxbridge.

It is unquestionably unfair to blame the asylum seekers, the civic centre workers or the local authority for this situation. I hope that the DFES realises that it has an obligation to provide the money promised under the agreement reached. I need not spell out the possible impact on what is a diverse and largely happy population in Hillingdon. The population is fairly settled, but a development such as this could be the match that ignites something.

I get a lot of letters about the increasing intrusion of the state into our private lives. An increasing number of closed circuit television cameras are taking our pictures while we drive, for example. We are assured that such measures have been adopted for good reasons, and we are perhaps prepared to accept some of them. There was talk some time ago of council tax inspectors being able to come into our homes. I think that we were assured that that would not happen, but one never knows with this Government.

Many people write to me saying that they are getting demands for the payment of congestion charges, parking tickets and speeding tickets on behalf of people who do not in fact live at their address. I can speak with a degree of knowledge on this issue. Only the other day, a constituent of mine—she is also my mother—sent me some letters that she had received from the Metropolitan police, claiming that she had been speeding. It is unlikely that she would do so in her wheelchair, at the age of 86. Presumably, somebody has registered their vehicle with the Driver and Vehicle Licensing Agency using her address. Her case will of course be looked into, but given that this is an increasing problem, I want to know how rigorously it is being dealt with. It is one thing to say, "Don't worry Mrs. Randall, we will sort it out," but are these people being pursued, or being allowed to get away with it?

When the other Mrs. Randall in my life—my wife—tried to get a new number plate, she was told that she must bring in her registration details because lots of people are asking for new number plates so that, when they are caught by speed cameras or incur the congestion charge, they do not get fined. This is a serious problem, which, ironically, is perhaps the result of increasing surveillance, and I would like the Home Office and the Department for Transport to deal with it.

I look forward to the 2012 Olympic games, of which I have been a supporter since the early days, before it became too popular. My sporting days are, sadly, slightly over. However, in what I took as an early April fool's day joke, but which apparently was not, I received an email from the parliamentary rugby team telling me that I had been selected to play against the New Zealand XV. I suspect that I received that message because some Labour Members wanted me to go to casualty.

The council tax bills that have just gone out carry a small surcharge for the Olympics. Many people in west London are concerned that they will not get much in return, as Londoners will not get reduced-price tickets for the various events. Another annoyance concerns the restoration of the old Uxbridge lido. Its outdoor nature will be retained, but an indoor swimming pool and a leisure centre will be added. Hillingdon borough has enough money for a 25m pool, but we would like the lido to have an Olympic-size, 50m pool. The official bodies responsible for British swimming say that such a pool is desperately needed in west London.

We were told that there was a good chance that success in the Olympic bid would lead to some extra funds for the lido restoration. That extra money would make it possible to go for the larger pool—even though the local authority would prefer to stick to the 25m size, as it is cheaper to maintain. Somehow, though, the money has not appeared, from any source. All the help seems to be going to other areas of London.

That is a shame, and a wasted opportunity. Many constituents write to me to complain about the money being spent on the games, and I should be delighted to be able to tell them that at least we had something to show for it. I hope that the matter can be drawn to the attention of Ministers at the Department of Culture, Media and Sport, although from time to time I correspond with them about the matter.

All hon. Members will agree about the need to provide more youth and leisure facilities to reduce antisocial behaviour. I accept that the people one would like to get off the streets are the ones least likely to join in such activities, but the approach is worth considering and I want to commend some of the things that are going on.

This weekend, I shall accompany my eldest son on a rugby tour, and I shall do the same with my daughter the following weekend. I shall not say where we are going, in case the paparazzi follow in hopes of getting a shot of me in a poncho and a sombrero. I have discovered that team sports are incredibly good for bonding people and giving them a sense of responsibility. The more I see, the more I want to spread the word.

The House may not be aware of the softer, more feminine side of my character. My youngest daughter is 10 and keen on sport, and that has led me to try to promote women's sport. I want it to be more prominent than at present. The other day, the England women's rugby team won the grand slam, and I am delighted to say that I was lucky enough to be able to see it—as opposed to going to Twickenham and watching the men fail.

England's women cricketers won their version of the Ashes last year, and women are succeeding at other games, including football. The House of Commons should do more to promote and give equal status to women's sport. I have to be careful in this matter, as I understand that, while some sports like to refer to women, others prefer to call them ladies.

I have given the House a quick run-around of some of the problems that I have encountered, and my thoughts on them. I do not often get an opportunity to make some of the points that I have raised, but I want to remind the Government that we are approaching Easter. It is a time of renewal, rebirth and hope. Labour Members may want to whistle the ditty "Always Look on the Bright Side of Life" by the Monty Python team as they return to their constituencies, but they should also remember that the first line of the poem "The Waste Land" by T.S. Eliot tells them that

"April is the cruellest month".

2.33 pm

Mr. Simon Burns (West Chelmsford) (Con): Before we adjourn and leave the House for the Easter recess, I want to ask Ministers to deal with an issue that is important to my constituents. It concerns the private finance initiative scheme for the Mid Essex Hospital Services trust, based on Broomfield hospital.

The scheme is a magnificent project worth over £100 million, and has been in hand for some years. The plan is to close an old Victorian hospital in the centre of Chelmsford and to move some of the facilities to the Broomfield hospital on the outskirts of the town. That will make it an even better local hospital, with state-of-the-art facilities and equipment. We will see a rebuilt and regenerated accident and emergency department, a new pathology department, a new children's ward and improved maternity services. It is a scheme that is logical on health and patient care grounds as well as financial grounds. Everyone in the mid-Essex area supports it.

A great deal of work has been done by trust officials, consultants and medical practitioners to put the scheme in position. We have been awaiting the final approval of the PFI scheme. We were promised that the approval would be given in October last year. October became November, November became "before Christmas", Christmas came and went and the new year came and went and still delays through bureaucracy meant that we did not get our final approval.

We then discovered on 26 January that the Treasury had changed the ground rules and that a freeze was put on all PFI schemes subject to a reappraisal. The Minister of State, Department of Health, the right hon. Member for Liverpool, Wavertree (Jane Kennedy) told me in a written answer on 23 March:

"We announced on 26 January 2006 that all trusts would need to confirm their capital investment plans through a reappraisal process, including where applicable private finance initiative (PFI) schemes. The aim of this process is to ensure that all schemes properly take account of the current reforms to the national health service such as choice, a movement of services"

and so on. I hope that you noted, Madam Deputy Speaker, that I emphasised the words "all schemes".

It is slightly surprising that a few weeks ago Barts and the London NHS Trust, which had been subject to the same freeze and the same reappraisal, was given approval. We are awaiting the guidelines from the Government for the basis of that reappraisal. We were promised that the instructions for the guidelines would be issued to the trusts by 31 March. That is tomorrow. As of this morning, the trusts had not received it. We have to wait for the guidelines for the reappraisal before we can comply. The House should remember that that applies to all trusts and all schemes.

About two or three weeks ago Barts managed to get its PFI scheme fast-tracked and approved. I am not the sort of evil person who would suggest that there was a correlation between that decision and the vote that was pending in the House of Commons on the Second Reading of the Education and Inspections Bill. I know that people such as the right hon. Member for Holborn and St. Pancras (Frank Dobson) and the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) and others in the east end of London were causing the Government a degree of difficulty with regard to that vote, but I am not the sort of person who would suggest that the application was fast-tracked to try to ease the passage of the Bill, although I suspect that some less charitable hon. Friends of mine may have drawn that conclusion.

I do not begrudge Barts approval of its PFI scheme. What concerns me is that the Broomfield scheme has not been approved, given that it has been waiting since October for approval and it is not its fault that it did not get approval before 26 January when the Treasury issued new rules. It was due to slippage and bureaucracy that the trust did not manage to get it; the Department of Health could not find the time to approve it.

There is a knock-on effect. It will possibly take some considerable time to get that approval. I am heartened that in the same answer the Minister said:

"Departmental officials will shortly be writing to all trusts"

about schemes such as those I mentioned, although it looks as though they will miss that deadline, which is hardly encouraging. She continued:

"Schemes such as the one at the Mid-Essex Hospital Trust, which are closer to financial close, will be focused on first."

That is welcome news, although it is disappointing that the trust has been put in limbo due to the Treasury changes. However, given that the scheme was ready for approval last October, I do not understand why it has to go through all that rigmarole again.

There is another knock-on effect—the cost of the scheme. Delay has financial implications. I asked the Minister about that but the answer was somewhat disingenuous:

"The trust may incur some additional costs in carrying out this work, but this will be more than offset by the savings which will be realised by the reappraisal exercise."—[*Official Report*, 23 March 2006; Vol. 444, c. 577–78W.]

That is comforting, although most of us do not think that there is much to reappraise, because the scheme is reaching conclusion and is now awaiting approval.

Despite the Minister's golden words, there are considerable knock-on effects, but it is a sad fact of life that I cannot disclose them to the House because the information is commercially confidential. I have a vague idea about the cost, so it is slightly disingenuous for the Minister to gloss over it in a written answer by spinning the line that the reappraisal will ultimately bring financial benefits when everybody knows that there will

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be none at all. I only hope that the Minister's answer was not code and that it does not really mean that there will be a decision to cut part of the scheme after the reappraisal. That would be a saving, albeit in a narrow, legal sense; the scheme would cost less, because there would be less of it.

Will the Minister draw my concerns to the attention of the relevant Health Minister so that something can be done to fast-track a decision? The scheme is excellent and will benefit not only my constituents but those of my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale) who has worked as hard, if not harder, than me to persuade the Department of Health to expedite the matter.

I want to raise another matter: an absolute scandal involving the use of stolen or false identity to avoid the consequences when people break the law, especially with regard to road traffic offences, something to which my hon. Friend the Member for Uxbridge (Mr. Randall) alluded. My hon. Friend the Member for South-West Bedfordshire (Andrew Selous) has worked on the matter over a number of months and I pay tribute to him for his involvement.

In my constituency, we have a particular problem: 25 Duke street. It is an innocuous-looking building in the centre of Chelmsford, but in fact it is a mass-mailing address. It is notorious with Essex and Bedford police—people from south Bedfordshire are particularly attracted to the services offered by 25 Duke street—and with Hertfordshire police, as an address that people use to register vehicles. Mr. Smith at 25 Duke street looks perfectly viable. Who is to know that it is actually a convenience address? The advantage is that Mr. Smith can speed past safety cameras, jump red lights and commit with impunity other road traffic offences caught on camera. When a letter arrives at the address setting out the offence and demanding a fine, there is no one to collect it. Officials cannot speak to Mr. Smith if they call at 25 Duke street, because it is not a residential address; it is a mailbox address.

I have had the benefit of being shown photographs of young people joyriding past speed cameras, using the middle finger on their right hands with impunity to show what they think of the system. I have explained their way of avoiding paying any fine, getting any points and—ultimately, if they are convicted often enough—losing their licences. Like any so-called good little wheeze, most of those involved are serial offenders, and it is amazing how often people can run up speeding fines or jump red lights if they know that no one will identify them or their residence from the photograph that has been taken, or hold them to account for breaking the law.

To my mind, there is something very wrong with such behaviour, and we should consider not simply the morality of breaking the law by speeding or whatever with impunity, but the fact that local authorities are deprived of the money that they are owed because of the offences that have been caused. That money could be ploughed back into road safety measures. I cannot understand why such things are tolerated.

I have tabled questions to the relevant Minister in the past two weeks to ask how many road traffic offences have been caused in that manner by people who are registered at 25 Duke street. I was slighted surprised that he replied that he could not give me the information because of the Data Protection Act 1998. I was not asking for the names of the people who were committing those offences; I was simply asking for the number involved. When I asked other factual questions of that nature—not about the names of the individuals, but about the numbers of offences and the amount of money that may have been lost to the local authority and the state—I was also slightly surprised to be told that all that was covered by the Data Protection Act 1998. When I also asked what type of offence had been caused, I was also told that that was not something with which the Government could supply me.

I am slightly surprised. If one is an avid reader of *Hansard* and one reads the in-depth and knowledgeable speeches made by my hon. Friend the Member for South-West Bedfordshire—I recommend those speeches to my hon. Friends—one finds that he has been given information for his constituency, not specifically for 25 Duke street, about the offences that have been picked up on camera that have not been pursued because the address given for the vehicle is a mailing address or bogus. Why can such information be given to my hon. Friend, who is a law-abiding colleague—for example, by Bedfordshire police, I assume—whereas the Government cannot give it to me, because they say that doing so would breach the Data Protection Act 1998?

I was horrified at the answer when I asked the relevant Minister in a written question how the Government proposed to change the law to block that loophole. I would have accepted it if they had said that it is a very difficult issue and they must consider how to draft legislation that would effectively deal with that specific problem, but not at all: they simply said that they had no plan to change the law. So the problem will continue, unless hon. Members, such as my hon. Friend the Member for South-West Bedfordshire and others, keep pressing the Government, because it is wrong and it is a scandal. Given the irresponsibility of the individuals involved, particularly the young people—they are speeding, jumping red lights and so on—they could well threaten their own lives or injure themselves. Equally important, if not more important to some people, they could threaten the lives of or injure innocent people who become caught up in their antisocial and illegal behaviour.

Andrew Selous (South-West Bedfordshire) (Con): I can update my hon. Friend a little on the issue that he is talking about, which was also mentioned by my hon. Friend the Member for Uxbridge (Mr. Randall). This morning, I spent 45 minutes with the head of road policing from the Association of Chief Police Officers, who is seized of the problem. He assured me that, within the next year to 18 months or so, he will use his best endeavours to ensure that some remedies to the problem are on the statute book. I am most grateful to my hon. Friend the Member for West Chelmsford (Mr. Burns) for giving the problem further publicity.

Mr. Burns: I am extremely grateful to my hon. Friend and I am reassured that ACPO has given that commitment. My only disappointment is that Transport Ministers will not give it. As he knows as well as I do, sadly, the only way, realistically, one can make a change

to the law in Parliament is through Government legislation or a private Member's Bill that the Government either support or are not prepared to block. I hope that, through his initiatives and lobbying, through ACPO and through the Minister relaying our concerns to the Department for Transport—and equally importantly, because Whips are the nuts and bolts that keep the system working, through the Whip, who has been listening very attentively—something can be done, in a reasonable but realistic way, to put an end to an abuse that not only costs money, but increases and to some extent encourages irresponsible driving, accidents, deaths and personal injuries.

2.51 pm

Mr. David Amess (Southend, West) (Con): Before the House adjourns for the Easter recess, I wish to raise a number of points. I apologise in advance for my voice. I do not sound like this because someone has made an unsuccessful attempt to strangle me; it is simply that I have a sore throat.

I congratulate my hon. Friend the Member for Uxbridge (Mr. Randall) on his speech and, in particular, join him in welcoming the Olympic games to London in 2012. I know that Members have different views on that, but I certainly intend to make sure that Southend is at the heart of the celebrations. We intend to get the pier rebuilt in time so that it can be part of the opening celebrations.

I also want to take up my hon. Friend's very valid point about ladies playing sport. I have a 14-year-old girl who plays No. 9 for Arsenal. I can cope with her playing for Arsenal, because, although I support West Ham and Southend, it is a very successful ladies' team. He is right that we do not celebrate the success of women in sport enough. That is why it was disappointing that the BBC news did not report on the excellent progress of the ladies' football team in making their way towards the World cup finals.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I am interested to hear my hon. Friend's comments about women's football. They give me the opportunity to tell him and the House that the Culture, Media and Sport Committee, which I chair, announced yesterday that it will hold a one-day inquiry into women's football, where I hope that we can address some of the issues that he has raised.

Mr. Amess: There we are. I am pushing at an open door, as far as my hon. Friend is concerned. That is wonderful news and I shall certainly make time, if not to be there in person to observe the inquiry, to read the evidence. I congratulate him on that.

I also congratulate my hon. Friend the Member for West Chelmsford (Mr. Burns), who was a distinguished member of the Health Committee. I have just returned from Stockholm, where the Committee is doing important work examining independent treatment centres. He will be interested to know that yesterday Committee members had a robust debate on PFI initiatives and it was felt that one was slightly more successful in having PFI programmes endorsed by the Government if one happened to be a Labour Member of Parliament. Both my hon. Friend the Member for Hemel Hempstead (Mike Penning) and I felt that if one was a Conservative Member of Parliament—as we obviously are—one did not have much of a look in. My hon. Friends the Members for West Chelmsford and for Maldon and East Chelmsford (Mr. Whittingdale) have a very strong case as far as Broomfield hospital is concerned and I am sure that the excellent Minister who will be replying to the debate will get the right answer from the Department of Health.

The Minister knows that I have raised on many occasions the situation of my constituent, Majid Narwaz. I am delighted to tell the House that I was at Heathrow airport last month to welcome him and his two fellow detainees back from Cairo. They had been sentenced to five years' imprisonment on absolutely trumped-up charges. They were tortured while in prison and what went on was deplorable. I pay tribute to the Foreign Office and the British embassy in Cairo for working as hard as possible to try to get my constituent released. I know that the Prime Minister takes regular holidays in Egypt, so I am sure that he took the opportunity to raise the matter with President Mubarak whenever he could.

I am delighted that Majid has been reunited with his wife, son and parents, but not delighted about the disgraceful reception to which the three young men were treated at Heathrow airport. I am mystified about what happened because in the endless debates in which I spoke about the matter, the answers to questions that I asked, and meetings with Ministers, it was clearly indicated to me—from the Foreign Secretary down—that the British Government agreed that the three men had been treated badly. I thus naturally assumed, in all innocence, that there would be a welcome reception for them at Heathrow airport, so I took the trouble, as I was instructed to do, to ensure only that they were escorted on to the plane in Egypt because it is apparently a practice of the Egyptian authorities to release people and then re-arrest them.

There were a huge number of people at Heathrow, many of whom were elderly relatives, but no provision had been made for the reception of the three young men. None of us can imagine what it was like to be in prison in Cairo. Never mind about the way things are in this country, for the first six months, the men were sleeping on concrete floors. They had no toilets and they were not allowed to go to the toilet—it really was "Midnight Express" stuff. However, rather than provision being made at Heathrow airport for a private reception for the three men and their close relatives, everyone was just left standing.

The plane touched down on time, but there was such a fiasco that it took four hours before we saw the men. I made phone calls to Whitehall during that time. It was not easy to get hold of an official, but, to cut a long story short, I was told that the arrangements were not the Foreign Office's responsibility because its responsibility was to get the men on the plane at Cairo. I was also told that the arrangements were not the responsibility of the Home Office, but a police matter. However, unless I have missed the plot, the Home Office has responsibility for the police.

Something that should have been a joyous occasion was absolutely spoiled by the arrangements. Whatever the reasons for the men being questioned, surely to goodness arrangements could have been made so that

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they could spend five or 10 minutes with the people whom they had not seen for four years before the questioning took place. I am more than disappointed about what happened. I hope that the testimony that the three young men will be giving the Foreign Office about torture will be taken seriously because that is entirely against the United Nations convention.

I recently led a successful delegation to Rome and then on to the Vatican. We enjoyed a good meeting with Italian Members of Parliament in their Parliament, but, obviously, the highlight of the trip was meeting His Holiness Pope Benedict XVI. As you can imagine, Madam Deputy Speaker, I was delighted when, for the first time ever, the British ambassador to the Holy See happened to be a Catholic. I thought that that was a smart move. It is less than a smart move for the Foreign Office to decide to close the embassy to the Holy See and the ambassador's residence in the Vatican. This is a disgrace. These facilities have existed in the Vatican since the Lateran treaty. It is also a pretty dumb move on the part of the Government to invite the Pope to visit Britain next year and then to close our embassy to the Holy See and to take away the residence.

The Holy See maintains diplomatic relations with 174 nations and all major powers have separate missions to the Vatican and to Rome. Britain and the Vatican are currently engaged in a vital dialogue on issues such as relations with Islam, development aid to Africa—the Chancellor of the Exchequer was happy to make a big speech in the Holy See last year on aid to Africa—as well as Anglican-Catholic rapprochement. On every count I would ask the Minister to ascertain from the Foreign Office what on earth is going on.

I have already decided to set up a forum for discussion and action on this issue, by setting up an all-party parliamentary group on the Holy See. I know that Members, quite rightly, get sick of these groups. I think that we have everything from tiddlywinks to "Coronation Street". However, I have decided to set up a forum on a serious issue. I hope that as many Members as possible of both Houses will join it and support the embassy in the Vatican as an independent entity and recognise the important international role that it performs. I cannot think of a more stupid time to close the embassy and to take away the residence than now. We have a wonderful ambassador there, Francis Campbell, and it is an insult, considering that we have the Holy Father visiting this country next year, that we should change our diplomatic relations.

I move on to local government. The Minister knows only too well that Southend borough council has been faced with extremely tough financial decisions following the fiasco of the census. It is wonderful that the Chancellor of the Exchequer has decided that the Office for National Statistics will be independent. That seems a bit late for Southend. The 2001 census left 20,000 people off the register in Southend. That meant that the Government's grant was reduced by £7 million. I and some of my hon. Friends met fairly recently at county hall at Chelmsford to discuss these matters, which greatly affect us. I intend to mention the disgraceful thing that has happened to the Essex police force.

At the beginning of the year, I and my hon. Friend the Member for Rochford and Southend, East (James Duddridge) and representatives from Southend borough council met the Under-Secretary of State, Office of the Deputy Prime Minister, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), to discuss the shortfall in local finance. We took the opportunity to raise the fact that Southend received only a 2 per cent. increase in its grant from central Government, while local councils received on average a 3 per cent. increase. We all know about the Government's intention to cap councils. I think that they have decided to cap two and have threatened another three.

We were told at the meeting that council tax could not rise by more than 5 per cent. I am beginning to wonder what is the point of anyone standing in the council elections on 4 May. It seems that the Government tell people how much money to raise and how they should spend it. In every aspect of local government life, throughout the time that I have been a Member of this place, I have seen more and more central direction, and never more so than under this Government.

Despite the meeting that we had with the Minister, who was extremely courteous, when the figures for the final local government assessment were released they showed a fall in the total formula grant from the Government of £34,000. Perhaps there is a lesson for my hon. Friends; do not seek meetings with Ministers because we end up getting less money than if we did not bother to meet them. *[Interruption.]* Yes, as my hon. Friend the Member for West Chelmsford says, it is a coincidence that I happen to be a Conservative Member of Parliament.

To meet the Government's restrictions and produce a balanced budget without raising council tax by more than 5 per cent., Southend borough council needs to fill a funding gap of £11 million between expected income and expected expenditure. Southend is a small unitary authority and that has caused havoc locally, on top of budget reductions of £25 million over the past five years. Local councillors have had to make painful decisions. I suppose the Government think, "Oh well, let's hope the local electorate blame Conservative local councillors." It would be a great shame if that happened, because the difficulties are entirely a result of 20,000 people being omitted from the national census.

One critical casualty of the funding cuts has been the subsidy paid to commercial bus operators in Southend, forcing them to withdraw a number of vital services. I have been working hard with fellow councillors to restore a decent network of bus services in Southend. Unfortunately, thus far it has been difficult to find a prime sponsor without some sort of subsidy from the council, as the council does not have the money to provide a subsidy. However, the scheme that we are examining, and which I hope we can launch soon, is a taxi bus sharing system that will at least help our senior citizens get to Southend hospital and, I hope, take them to other parts of the town.

Southend is, I repeat, a small unitary authority faced with some very large challenges, such as the rebuilding of the pier, which has burned down for the third time, and the halting of the slippage of the cliffs. The council's current financial problems are the result of the

Government's failure to recognise local needs. My constituents are paying the price through cuts to local services across the town. That is unacceptable.

I understand that the Office for National Statistics is unwilling to review the population estimate. Why? The ONS should be made to accept that it made a mistake. Any Member of Parliament would complain on behalf of their constituents if they had 20,000 people left off the funding stream.

The next topic that I wish to raise is the matter of badgers. I recall Lord Waldegrave, as he now is, taking the Protection of Badgers Bill through the House. I spoke on Third Reading and said how much I welcomed the Bill. All these years on, I am beginning to reflect on that legislation. All the badgers in my part of Essex seem to have had a meeting and decided that they like the look of the back gardens of various terraced houses. In the small hours of the morning, they all seem to join arms and somehow—someone must leave the front door open—take over umpteen back gardens in Southend. That is causing havoc in residential areas.

Residents of Lymington avenue in Leigh-on-Sea, for instance, have had their gardens destroyed—not just one or two, but a number of houses. Garages are beginning to collapse and the foundations of houses are being destroyed. As if that was not bad enough, two weeks ago in Queen Anne's drive and Rochester drive in Westcliff, another crowd of badgers apparently got together and moved into back gardens there. Fences have been smashed, pets attacked and property destroyed by the animals from the six badger setts identified by the Department for Environment, Food and Rural Affairs that run beneath their gardens.

I will not tire the House with details of the endless meetings that I have had with residents about getting the badgers moved. I would be so grateful if the Minister would have a word with his delightful colleague in DEFRA and try and get him to agree to a meeting with me and a few residents. I understand that since the Protection of Badgers Act 1992 came into force, only two orders have been served to try and get badgers peacefully removed.

The residents whom I have mentioned are not farmers and landowners who are concerned about the spread of bovine TB to their livestock. They are town dwellers, and their properties have been invaded by what I can only describe as urban badgers. Some people think that badgers are cuddly, but if one goes near a badger, one might lose one's arm, so no member of the general public should try to remove a badger. So far, DEFRA has failed to come up with a tenable solution to the problem, despite the increasingly bold and violent behaviour of those animals. Urban badgers are a bit like urban foxes. When I get off the train at Mudchute and go to my little pad on the Isle of Dogs, the foxes do not run away from the commuters, although some of them have three legs. The foxes walk around like dogs, and they have become increasingly domesticated.

An e-petition opposing badger culling as a method of preventing the spread of bovine TB has been signed by 11,350 people. Residents have advanced translocation as their preferred option, but DEFRA has rejected the application for a licence because of concerns about the spread of TB. It proposes to capture and humanely cull the badgers, but that would also involve the animals being moved away from the houses, which still raises concerns about the spread of TB.

Mr. Heath: The House is treating the hon. Gentleman's comments with some levity, but the issue is serious. I used to be woken up every Sunday morning by people complaining about the badgers in Castle Cary. However, that particular problem has not arisen in my constituency recently, so perhaps those badgers have moved to Southend.

Mr. Amess: The badgers may have arrived by boat on the Thames estuary. My constituency is a tiny little urban area, so the situation is incredible—the badgers are on the march to Southend, West.

DEFRA's conviction that badgers are the chief transmitters of the disease to cattle is the foundation of its proposal to introduce some sort of licensed cull. On 15 December last year, DEFRA issued a consultation paper on badger culling, seeking views on its three proposed licence-based culling options. The Environment, Food and Rural Affairs Committee inquiry on bovine TB and badger culling was undertaken to contribute to that consultation, which finished on 10 March. The evidence collated in the report shows some significant holes in the Government's proposals—the holes were identified by scientific experts and had been overlooked by DEFRA in the pre-consultation process.

There was wide concern that not only was there not enough scientific proof to achieve consensus on any one of DEFRA's proposals, but the evidence from the badger-culling trial, which took place in 2005, and the work of the independent scientific groups on cattle TB, show that localised reactive badger culling was associated with increases of up to 25 per cent. in the number of cattle herds with TB. Incidents of confirmed TB were also higher on land neighbouring proactive areas, which is otherwise known as the edge effect. Those results help us to understand why badger culling has been an effective strategy in the past for controlling TB, and the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Exeter (Mr. Bradshaw) recently admitted that 80 per cent. of the transmission of the disease is from cattle to cattle.

There are many ways to deal with the spread of TB other than killing badgers. For instance, Professor Tim Roper, who is currently running a three-year investigation on the activities of urban badgers, has said that in the long-term

"the only solution is vaccination",

which goes against the view of the National Farmers Union that robust culling measures are the answer. Professor Roper is well aware of the sensitive nature of incidents involving urban badger populations, and he has mentioned the extent of the public and parliamentary demonstrations that were mounted when attempts were made to catch and destroy badgers in Saltdean in East Sussex that were undermining the foundations of several homes in the area.

That emotional response is just a taste of what would ensue should the Government decide to follow through on a much larger culling programme. In 2004, when questioned on how to deal with the problem of urban badger populations by my hon. Friend the Member for

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Castle Point (Bob Spink), who had also had considerable difficulties with badgers in residential areas—although he has probably moved them all on to Southend, West—the Under-Secretary of State, the hon. Member for Exeter, responded by saying that there is no simple answer to the question.

You can say that again, Madam Deputy Speaker. The point is obvious in the extreme. If there were a simple solution, my constituents would not have suffered years of indecisive inaction from DEFRA on the removal of these badgers from Leigh-on-Sea and Westcliff. I am still awaiting a response from the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for South Dorset (Jim Knight), as to whether he will meet me and the affected residents to discuss the extent of the badger problem in Southend. I hope that such a discussion will bring home the plight of the urban dwellers, as well as rural landowners and farmers, who are affected by the issues surrounding badger culling.

As two of my hon. Friends from Essex—my hon. Friends the Member for West Chelmsford and for Maldon and East Chelmsford—are here, let me say that I share their anger about what has happened as regards the merger of Essex police force with those of Bedfordshire and Hertfordshire. In Essex, we enjoy very good relations with Kent police force. However, it is completely unfair and unreasonable that its police force is allowed to stand alone while Essex's is not. My hon. Friends and I, led by my hon. Friend the Member for Rayleigh (Mr. Francois), have campaigned and worked extremely hard on this issue.

One reason why we are so upset about it is that for several years we had concerns about the style of policing in Essex, many of which are well known to the House. Just at a time when we have secured the employment of an excellent chief constable whom I believe to be the best in the country and who is absolutely determined to give the general public the style of policing that we all want—in other words, when a crime is reported it is not ignored but someone turns up to investigate the situation—we find that this merger is to take place. I hope that it will be possible to have a referendum on this issue in Essex. My hon. Friends and I are absolutely determined to continue to campaign on it.

I know, Madam Deputy Speaker, that as Members of Parliament we are not allowed to criticise the judiciary, and I understand that. However, I am very concerned about the inconsistencies in sentencing, particularly when someone takes another person's life. Several of us feel very strongly about that. Recently, when someone was murdered fairly locally, the two young men were caught, and one got 12 months and one got 14 months. That was the value placed on that person's life. I know that Ministers will say that the Sentencing Guidelines Council considers all these issues, but I am less than happy with the lack of consistency.

My hon. Friends the Members for Castle Point, for Rochford and Southend, East and for Rayleigh and I remain concerned about the proposed reconfiguration of cancer services in Southend. If some of the important specialisms are removed, that will eventually lead to Southend being a less attractive place for clinicians to work in.

British Airways used to be the best airline in the world. That is no longer the case as far as I am concerned. Lord King was a wonderful pioneer, and I am afraid that since his departure British Airways has gone down and down in my estimation. Its flights are poorly timetabled, its airliners are often not clean and tidy, some of the prices that it charges are outrageous, and it has a monopoly on some services. I understand that one or two lords serve on the board and I hope that they will read my complaint about the airline.

I was glad that several hon. Friends mentioned abortion. Before the general election, the leaders of the three main parties said, initially in response to a magazine article, how important it was. A year later, nothing has happened. It cannot be right that we continue to abort babies up to term on the ground of a cleft palate when we have special baby care units that now save babies at 22 and a half weeks. There is no point in being in politics unless one is interested in people's lives. Parliament's continued equivocation about when life begins is unacceptable.

3.20 pm

Mrs. Theresa May (Maidenhead) (Con): As ever with pre-recess Adjournment debates, hon. Members' contributions have ranged widely. One of the delights of my role as shadow Leader of the House is the opportunity that the debates afford to learn a great deal more about colleagues' constituencies. The challenge of my role is to do justice to the many contributions. I will do my best.

It was interesting that several contributions referred to issues that have been raised regularly in business questions in recent weeks, when hon. Members have urged the Leader of the House to hold full debates in Government time on them. The right hon. Gentleman has resisted. The fact that so many hon. Members were willing to raise them again today shows the genuine need for a proper Government debate on matters such as the Post Office card account and the national health service.

The hon. Member for Somerton and Frome (Mr. Heath) did the House a service by speaking about the Post Office card account. It is remarkable that the subject has been raised week in, week out, by hon. Members of all parties—Labour Members have mentioned their concerns, too—for almost the whole time that I have been shadow Leader of the House, yet the Government have not been willing to grant a debate in Government time on that important issue. Ministers in the Department of Trade and Industry, with its responsibility for the Post Office, and in the Department for Work and Pensions, with its responsibility for the card account, have not even made oral statements on the matter.

The Leader of the House has consistently reiterated the Government's commitment to the Post Office. Given that its chief executive told an all-party group that removing the card account could lead to a reduction in the number of post offices from approximately 14,000 to 4,000—meaning the closure of 10,000 post offices—the Government must wake up and understand that they will face a stark decision as a result of their action. How

will they back up the commitment to the Post Office, continue to support it in future, and ensure that the damaging closure of branches, which we have already experienced, does not become the threatened cull of post offices?

The hon. Member for Somerton and Frome mentioned several other issues, some of which were picked up by other hon. Members, and I shall refer to them later.

My hon. Friend the Member for Castle Point (Bob Spink) raised serious issues concerning children. His commitment to fighting for children's interests is well known. He also mentioned such matters in the Christmas Adjournment debate. His remarks about the use of the caution for those who take indecent photographs of children raises two issues: child pornography and the treatment of paedophiles, and appropriate use by the police and the judiciary of their powers, not only to punish wrongdoing but to protect society. They have a duty to do both. We must never forget that every indecent image of a child reflects an incident of child abuse. I hope that the Government have listened very carefully to my hon. Friend's observations on this serious issue.

My hon. Friend the Member for Castle Point also raised the issue of abortion, as did my hon. Friend the Member for Southend, West (Mr. Amess). I share their interest in that issue being reassessed, and the concern expressed by my hon. Friend the Member for Castle Point about the time limit for abortions.

My hon. Friend the Member for Castle Point also mentioned the Government's proposals for police mergers—an issue that was picked up by my hon. Friend the Member for Southend, West. I hesitate to say that there was an Essex mafia in the Chamber today, but that did appear to be the case. Time after time, the Prime Minister has said in the Chamber that he will listen to local people's views on police mergers, so why are the Government ignoring the views not only of local people but of the police? That is happening not only in Essex but across the country. This illustrates the fact that the Government have no proper regional policy, which is a sad fact for a Labour Government. Their answer to regional policy is simply to create larger and larger bureaucratic structures, be they police forces, strategic health authorities, primary care trusts, fire authorities or ambulance services.

My hon. Friend the Member for Castle Point also mentioned overdevelopment, a problem that affects many constituencies up and down the country. We all agree that there is a demand for housing, and particularly for affordable homes, but that is not a reason for cramming development into back gardens and infill sites. Nor is the need for family homes met by the tendency to knock down family homes and replace them with flats, as I have seen happening in Shoppenhangers road in my constituency. Such a practice might meet the Deputy Prime Minister's density requirements and his target number for dwellings, but it does not provide the kind of housing that people need. It changes the character of areas, and puts unacceptable pressure on infrastructure such as roads, schools, GPs' surgeries and utilities such as water.

My hon. Friend the Member for Castle Point might like to suggest to Essex county council that it follow the example set by Conservative-controlled Wokingham district council, which has commissioned independent consultants to assess the cost of the infrastructure needed to support the new homes that the Government require it to build as part of their target. If every council did that, we would have a clear picture of the hundreds of millions of pounds that will need to be spent on infrastructure to support the new homes that the Government are proposing to build.

The hon. Member for Mitcham and Morden (Siobhain McDonagh), who, unfortunately, is no longer in her place, mentioned her desire for two schools in her constituency, Mitcham Vale and Tamworth Manor, to be given academy status. I think that I am right in saying—I am sure that she will correct me, on reading *Hansard*, if I am wrong—that Mitcham Vale is the school that I knew as Eastfields when I was chairman of the local education authority in Merton. I was grateful to her for her words of gratitude for the significant contribution made to education by my noble Friend Lord Harris, who has shown an incredible commitment to improving education in south London. He has truly put his money where his mouth is.

The hon. Lady made a number of comments about the position taken by the Conservative group on Merton council, and implied that it was blocking progress on the academies. My understanding is that, in fact, the official survey on the issue showed that people in the London borough of Merton were four to one against that development. The issue raised by Conservative councillors was that these decisions needed to be taken in full knowledge of the implications for other schools. Merton is tied in to a 25-year private finance initiative for its schools. The two schools mentioned by the hon. Lady would be allowed to withdraw from that, but that would result in implications for other schools that would need to be addressed.

Education in Merton as a whole has undergone a considerable upheaval in recent years, with the move under a Labour authority from a three-tier system to a two-tier system. I recall from my days of chairing the education authority there that the Labour councillors were rather more in favour of three-tier education than they now appear to be. Sadly, since my time, Merton has slipped significantly down the league table of education standards in London, and that is a matter of considerable concern to the residents of that borough.

Another topic that has been raised by several Members, as well as being raised constantly in business questions—and rightly so—is that of the NHS. As we see thousands of jobs being cut across the health service, operations cancelled, waiting times extended and trusts in deficit, the Health Secretary has said that this has been the "best year" for the health service. I sometimes wonder what Ministers in this Government spend their time doing. They certainly do not seem to spend their time going out there to find out what is happening in the services for which they have responsibility. We need to take every opportunity, as a number of Members have done today, to bring home to the Government what is happening in the health service in our constituencies, because it is not what the Government like to think is happening.

The issue of the health service was raised by my hon. Friends the Members for West Chelmsford (Mr. Burns), for Uxbridge (Mr Randall) and for Southend, West. My hon. Friend the Member for West Chelmsford put in an

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excellent and well-argued claim for the private finance initiative in Mid Essex Hospital Services trust, centred on Broomfield hospital, to be given proper consideration by the Government. My hon. Friend the Member for Uxbridge referred to Mount Vernon and the removal of cancer services, which, as I said to him, affects some of my constituents, too. The issue of the reconfiguration of cancer services was raised by my hon. Friend the Member for Southend, West. That issue is of concern across many areas of the country. In my area, cancer services are being moved from the Royal Berkshire and Battle hospital trust to the John Radcliffe in Oxford. Again, local people want to have easy access in their locality to the services that they need from the health service.

The NHS was also mentioned by the hon. Member for Somerton and Frome and, from a different angle, by the hon. Member for North Swindon (Mr. Wills), who gave a serious speech on the integration of social services and the health service, and spoke particularly about the needs of people with dementia. He is right that there is a real need to reassess services for those with dementia, particularly given the paucity of beds in residential care homes for people with dementia. I trust that my hon. Friend the Whip on duty will ask where the hon. Member for North Swindon is. I trust that he will read my comments in *Hansard* to see what has been said about his contribution.

The issue of integrating social services with health services is particularly important and will cause considerable concern to many people, in many areas, in the coming months. Given the deficits in primary care trusts in many areas, increased pressure will be put on social services departments in local authorities. We are told by the Association of Directors of Social Services that social services budgets are already £1.76 billion underfunded. The Government therefore need to address that issue, which arises from deficits in the health service.

Apart from Essex, the east midlands—I think that I have got my midlands right—were well represented in our debate by the hon. Member for North-West Leicestershire (David Taylor) and my right hon. Friend the Member for West Derbyshire (Mr. McLoughlin). The hon. Member for North-West Leicestershire referred to my response to his speech in the Christmas Adjournment debate. Were he present, I would assure him that I always find his contributions riveting, although I suspect that the same cannot always be said for his Front Bench. He raised important points about our reactions to the problems of the environment and of climate change in particular, and talked about the need for the Government to ensure that the measures that they introduce in those areas are going to work.

We all know, of course, that the Government have now admitted that they will not meet their own targets for greenhouse gas emissions. In business questions earlier, the Leader of the House indicated to one of my right hon. Friends that he felt that only this Government had done anything on climate change. Of course, the Government's initial success on carbon dioxide emissions, from which they are now slipping back, came about only because of decisions by the last Conservative Government to change from coal-fired power stations.

The hon. Member for North-West Leicestershire referred to measures such as the aggregates levy, which have not always achieved what they set out to achieve. He also did something else that I thought was important: he spoke of ways in which, at a very local level, individuals could take effective action. He referred particularly to energy efficiency in homes and insulation. I pay tribute to a local authority that has done a great deal in that regard—Woking council, which is Conservative-controlled and has made significant strides in reducing emissions. It is, I suggest, a beacon for other authorities.

My right hon. Friend the Member for West Derbyshire raised the important issue of farm payments and the Rural Payments Agency. I consider it despicable that the Secretary of State for Environment, Food and Rural Affairs has failed to come to the House to explain what has happened in the agency, and to apologise to farmers up and down the country for the fact that, month in month out, she and her Ministers have been saying that there is no problem and that farmers will receive their payments. As we know from my right hon. Friend and others, that is not the case. Farmers are not receiving their payments, and many are extremely frustrated by the bureaucracy in the agency.

One of my local farmers recently sent me a letter that he had received from staff at the agency telling him that he had not filled in a form which needed to be sent back. He rang up and told them that he had completed the form, and that it had been sent to them some time earlier. They said, "No, that was a letter that we sent out just in case." That is the sort of bureaucracy that really does frustrate people, and when they are not receiving payments it becomes even more frustrating.

It was a pleasure to take a trip to the Isle of Wight during the debate, courtesy of my hon. Friend the Member for Isle of Wight (Mr. Turner). He raised specific issues about the operation of the national health service on the island. The overarching theme was that the Government should note that his constituency, as an island, experiences particular problems with the provision of services—not just NHS services—which are not experienced in other parts of the country. It is not as easy for people on the Isle of Wight to travel elsewhere to obtain their services. My hon. Friend has consistently raised the problem of the lack of dentists on the island, and he did so again today. The same theme has been repeated by many Members in all parts of the House during other debates and question sessions.

What concerned me was my hon. Friend's comment that he felt that some people in the health service were being discouraged from asking him, as a Member of Parliament, to raise issues that were important to them. It is the job of Members to raise issues that are of concern in their constituencies. It may be uncomfortable for Ministers; it may even, on occasion, be uncomfortable for senior managers in public services, but they cannot and should not silence the elected representatives of the people. I pay tribute to my hon. Friend for continuing to raise his concerns despite attempts to prevent him from doing so.

I join my hon. Friend in commending Conservative-controlled Isle of Wight council for making positive changes for the islanders. I commend it particularly for stepping in to pay the fares of those who need to cross the Solent for health service treatment, and for

introducing a low bus fare for young people. Young people often tell me that they cannot afford to travel to places that they want to visit, and that it is too expensive for them to do the many things that they want to do. The new service on the Isle of Wight is very valuable.

My hon. Friend the Member for Uxbridge ranged widely over a variety of topics, but began with a thoughtful comment on the situation in the Balkans, particularly Kosovo. One of his remarks really struck home, at least for me: he said that for the sake of the peace of Europe, we should not ignore developments in that area. Indeed, I suggest to my hon. Friend that the history of Europe shows that we should never ignore the Balkans.

My hon. Friend's wish for a debate on foreign affairs was also expressed by the hon. Member for Somerton and Frome, although his emphasis was on Iraq and Afghanistan. Both speeches demonstrated the real need for us to engage in a proper debate in the Chamber, in Government time, on the Government's foreign policy and their foreign policy aims. That was also reflected in a comment by my hon. Friend the Member for Southend, West about the closure of the embassy to the Holy See. We need to know from the Government what they are trying to achieve with their foreign policy. They published a White Paper this week that talked of active diplomacy, but people cannot indulge in active diplomacy if they go around shutting embassies and high commissions.

The hon. Member for Somerton and Frome also referred to the work being done by our armed forces, and I am sure that we all wish to pay tribute to all our armed forces personnel, both regulars and reservists, who serve abroad on our behalf.

My hon. Friend the Member for Uxbridge also spoke about the Olympics, and said that the promised development of facilities should be encouraged rather than deferred because of the prospect of the Olympics. When Olympic bids were first being discussed, I understand that there were more 50 m swimming pools in Paris than in the whole of England. The new 50 m pool that my hon. Friend mentioned is therefore much needed.

I also heartily endorse my hon. Friend's comment that we need to promote women's sport. I add my congratulations to the women's England rugby team, and I recall the success of the England women's cricket team in winning the Ashes last summer. It was noticeable during the Commonwealth games that our women athletes had rather more medal success on the track than the men. And while I am on a sporting theme, I cannot miss this opportunity to congratulate Reading football club on their promotion to the premier league.

Several of my hon. Friends raised the serious issue of identity fraud, and the use of other people's addresses and mailbox addresses. My hon. Friends the Members for West Chelmsford and for Uxbridge raised that issue and paid tribute to my hon. Friend the Member for South-West Bedfordshire (Andrew Selous), who has taken a particular interest in it. As he mentioned, he had a meeting today with the senior police officer from ACPO responsible for that issue. It has been recorded that one vehicle was responsible for 120 offences—I assume that they were speeding offences. That reveals the size of the problem. It is an interesting problem, because the Government keep telling us that identity cards will resolve it, but they will not. I only hope that the serious way in which ACPO are treating the issue, according to my hon. Friend, will be reflected in the measures taken by the Government.

My hon. Friend the Member for Southend, West also addressed a range of topics. He has been assiduous in his work to get his constituent released from jail in Egypt, and as he said, he was very pleased when that was achieved, although he was understandably saddened by the Government's approach to his constituent's return. I trust that the Government have noted my hon. Friend's comments about their treatment of that individual.

My hon. Friend also mentioned local council funding, and made an interesting point about why people would wish to become councillors, given that so many decisions are now made by central Government. That is a very real problem. So many powers have been taken away from local government that many people think twice about becoming councillors. That is also why turnout in local government elections has fallen so dramatically. The restoration of powers to local government would be a real means of restoring people's interest in local democracy.

My hon. Friend also raised the serious issue of delinquent badgers. I am tempted to say that the Government's response to such behaviour is usually to slap on an ASBO, so perhaps he should consult the police and local authority on that possibility. Despite the enjoyment that we had in listening to his description of those badgers, it is a serious issue. My hon. Friend questioned the effectiveness of culling in preventing bovine TB, but many farmers are distraught at the lack of action by the Government and the length of time that they have taken to recognise the seriousness and importance of the issue. Most of the evidence suggests that culling of some sort is what is needed.

Turning to some of the key themes emerging from this debate, my right hon. Friend the Member for West Derbyshire gave examples of how the Government are not fulfilling their promises. That is perhaps a familiar theme, but he illustrated it well with—dare I say it?—concrete examples from his own constituency. As I know from the experience of the A404, Ministers turn up and make promises about resurfacing a road to eliminate noise, and then—lo and behold—the budget is scrapped and the scheme does not go ahead. Ministers make everybody feel happy by giving the impression that something is going to happen; then, two years down the line, the budget is scrapped and nothing happens.

Imagine what pensioners felt about the Government's approach to last year's £200 council tax rebate. Suddenly, council tax was so high that pensioners needed support from the Government to help them pay for it. This year council tax is rising even further, so one assumes that the problems experienced by the many elderly people who had to be helped last year are even worse. What are the Government doing? They are not providing a single penny. The Deputy Leader of the House will probably say that in a pre-election year, all Governments try to present their best face to the electorate, which is of course true, but the £200 rebate was the most blatant and cynical election bribe we have ever seen.

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However, that fits in with the theme of this debate: the Government's failure to deliver, when they are taxing people so highly that the Minister with responsibility for higher education has told us that people have been taxed to the hilt and cannot take any more. The Government are out of touch. The Health Secretary considers this the best year ever for the health service, yet thousands of jobs have been cut and trusts up and down the country have deficits of hundreds of millions of pounds. So many promises, so much money spent, so little achieved. It is a sad fact that this Government, who have two Prime Ministers and are internal disarray, are in no position to give the Easter message of new birth and hope for the future. The Government's record was summed up by Sir Derek Wanless on Radio 4 this morning when he said:

"Less has been achieved than might have been achieved".

Optimism and hope for the future can be found not on the Labour Benches, but on the Conservative Benches.

I finish by echoing what I, and the Leader of the House, said at business questions earlier today. I am extremely grateful to Mr. Deputy Speaker, the Chairman of Ways and Means, for taking on extra responsibilities in Mr. Speaker's absence. I also thank you, Madam Deputy Speaker, and Mr. Deputy Speaker, the Second Deputy Chairman of Ways and Means, for taking on those extra responsibilities in turn. You have all stepped into the breach, and I wish you, all Members of this House and all its staff and Officers a very happy Easter.

3.48 pm

The Deputy Leader of the House of Commons (Nigel Griffiths): It has been interesting to listen to the thoughtful contributions made by a number of Members. The debate was begun by my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh), and I thank her for praising the Government's education strategy, the great efforts of schools, teachers, head teachers, students and carers, and the success of academies. The even-handed nature of her praise should be recognised. She spoke in favour of Lord Harris's support for the programme, and she acknowledged that funding for schools in her area has risen by £1,300 per pupil since 1997.

My hon. Friend told us that local people have overwhelmingly endorsed and sought a new city academy in Mitcham Vale and Tamworth Manor, and that it has been rejected not by the council, which is a minority Labour council, but by colleagues of the right hon. Member for Maidenhead (Mrs. May) who serve on the council. They are attempting to put off the decision until next year and beyond—against the wishes of the community and of Conservative private sponsors such as Lord Harris.

Mrs. May: The Deputy Leader of the House may not have heard me, but I said just now that the official survey of opinion showed that the ratio of people opposing the plans was 4:1.

Nigel Griffiths: To correct the record, the survey of parents most affected conducted by the schools showed that they supported the plans by 2:1. The wider group contained people who may not be directly affected.

The hon. Member for Somerton and Frome (Mr. Heath) raised a long list of issues, as usual. He began with comments on the Post Office card account, but he and other Opposition Members peddled so much misinformation that I am sure that the House will be grateful for the full facts. The Government are spending £1 billion of public money on funding the Post Office card contract until 2010. It is one of 25 accounts that people can use to access their pensions and benefits, although I understand that some of the others may be cheaper. I urge all consumers of Post Office services to look at all the available accounts, but assure them that the present card account will run for another four years in any case.

I hope that the hon. Member for Somerton and Frome will join me in encouraging local councils to follow Edinburgh's example in ensuring that as many council services as possible are paid through local post offices. That includes the business portion of the council tax, domestic council tax bill, rents and other service and environmental charges. I hope too that he will urge people to reject the position adopted by Liberal Democrat councils such as Aberdeen, which has steadfastly refused to fund residents in using those accounts. The consequence is that more post offices have closed in Aberdeen than anywhere else in the country. Moreover, that council's approach may be one reason why Edinburgh's Councillor Longstaffe, an erstwhile Liberal Democrat, deserted that party this week and joined the Labour party.

The hon. Member for Somerton and Frome spoke about homelessness, a topic that my right hon. Friend the Leader of the House dealt with in business questions. However, if the hon. Gentleman needs further amplification, he should realise that the poorest providers of public housing in this country are Liberal Democrat councils. For example, Inverclyde council has been branded by the Accounts Commission in Scotland as the most incompetent authority, and closer to home Lambeth council has been an absolute shambles. There, the Liberal Democrat executive member responsible for housing, Councillor Fitchett, has been forced out after almost a year in office because a fraudster was allowed to get away with £3 million. For seven months, he had clung on to his executive title and £15,000 special allowance, but the people of Lambeth finally drove him out without waiting for the elections later in the summer. That is hardly surprising, but it is rather typical.

When we consider the problems posed to senior citizens by local councils, our best advice is that they should compare the average council tax levied per dwelling by Labour, Liberal Democrat and Conservative authorities. They will find that the average under Labour is the lowest by a considerable margin.

Mr. McLoughlin: The Deputy Leader of the House mentioned Lambeth council. Its Labour leader sent a leaflet to my door saying that he and his colleagues would be pressing the Chancellor and the Government to reduce pensioners' council tax burden. The Chancellor had the opportunity last week, but refused to do so. What message does the hon. Gentleman have for that Labour councillor?

Nigel Griffiths: I remind the hon. Gentleman that when Labour controlled the council the average council

tax was £810, whereas now under the Liberal Democrats it is £1,130. So I advise people to listen to the advice of the Labour leader on the council and vote for him in the council elections.

The hon. Member for Somerton and Frome raised the serious issue of the availability of Herceptin for the treatment of breast cancer. My right hon. Friend the Secretary of State for Health has made it clear that local trusts must not refuse to fund Herceptin for women with HER2-positive early-stage breast cancer solely on cost. They need to take account of the complete range of factors before they make such a decision while the National Institute for Health and Clinical Excellence is carrying out an appraisal of this unapproved drug using the fast-track process. No one has successfully challenged that approach in court, although an appeal is pending.

I have a copy of the letter that the Minister of State, Department of Health, my hon. Friend the Member for Doncaster, Central (Ms Winterton), wrote to the hon. Member for Somerton and Frome. She spelt out clearly to him in paragraph 5 relating to his constituent that

"It is down to individual clinicians to decide whether it is suitable to prescribe a specific drug. The clinician will make this decision after discussions with the patient about the potential risks and taking into account his or her medical history ... As the Secretary of State re-confirmed in a Written Ministerial Statement on 1 March, PCTs should not refuse to fund Herceptin solely on the grounds of its cost. PCTs should not rule out treatments on principle but should consider individual circumstances."

Mr. Heath: I am pleased that we have got away from the pre-local election nonsense and that the Minister has started answering points made in the debate. It is impossible to debate with the hon. Gentleman the details of a constituent's case, but I make three points. First, it was not an early-stage cancer; it was a stage 3 cancer. Secondly, the Minister appears to have sight of a letter that has not yet reached me—I am glad to know that it is on its way. Thirdly, the individual's clinician had clearly recommended this course of treatment and it had been turned down by the hospital authorities.

Nigel Griffiths: I am sorry to contradict the hon. Gentleman, but if he reads the letter, the Minister says in paragraph 2 that stage 3 breast cancer is considered to be early-stage breast cancer. There is no point in bandying the details of an individual case. We all want the person to get the best treatment available. We wish the hon. Gentleman's constituent the best chances of recovery and the best treatment possible. I make no criticism of the hon. Gentleman for raising the case of a constituent. I merely point out the facts that the House will want to have presented to it.

Bob Spink: Will the Minister give way?

Nigel Griffiths: I shall make some progress. I shall respond to the hon. Gentleman directly in a minute, I hope.

The hon. Member for Somerton and Frome mentioned the position in Iraq. There is much in Iraq that has improved. There has been an underpinning move to democracy, two successful elections and a constitutional referendum. The council of representatives met a fortnight ago. It was elected by 70 per cent. of the electorate. It is good that 4 million more Iraqis have access to potable water than before, and that 9.6 million of them have access to a sewerage system. There were no sewerage or working waste water plants operating before the intervention. That was another legacy of 20 years of Saddam's warmongering, brutal repression, mismanagement and chronic underinvestment. The Secretary of State for Defence does not hesitate to keep the House apprised of developments in Iraq as and when necessary.

My hon. Friend the Member for North Swindon (Mr. Wills) made a thoughtful contribution. He stressed the vital need for the closest co-operation between social services departments and PCTs. I welcome the offer that he made to look at Swindon hosting a pilot project. I will certainly ensure that my right hon. Friend the Secretary of State responds to him on it.

The hon. Member for Castle Point (Bob Spink) raised several issues, including police reorganisation, to which other Members also referred. No one doubts the need for modern, effective police forces to tackle terrorism and crime—the drug dealing and the Mr. Bigs. The current 43-force structure is 30 years old. I reject the claim that there is no need for change, as does the report of Her Majesty's inspectorate of constabulary, which states:

"The 43-force structure is no longer fit for purpose."

Cumbria, Lancashire, Northumbria and Durham have drawn up voluntary merger proposals. In February, Durham's chief constable, Jon Stoddart praised the review, saying:

"From a professional policing point of view there has only ever been one option—a single strategic force".

Last week, the Home Secretary announced four merger proposals, for the south-east, the eastern region, the east midlands and Yorkshire and Humber. A statutory four-month consultation period is under way and HMIC has identified savings that will, it states, dwarf any initial start-up costs. Of course, we have to ensure that disruption is minimised in carrying out those proposals.

The hon. Member for Castle Point raised concerns about the Thames Gateway initiative. We recognise the importance of infrastructure for housing and job growth. We support the principles of the sustainable development communities plan, which is why there is £6 billion-worth of Government investment covering the past three years and the next financial year. Although he and other Members attack demands for new homes, his constituents and others want local housing for their sons and daughters. When people's marriages break up, they want to be housed locally near their jobs and families. They can hardly be expected to move hundreds of miles away—from Castle Point to Castle Douglas. The Government, the hon. Gentleman, as a local MP, and his local authorities will have to reach an agreement on a sustainable number of homes to meet that need. Otherwise, he will have to face his constituents and tell them why they have to stay in marriages in unsustainable conditions, or why their grown-up children will have to continue to live at home.

My hon. Friend the Member for North-West Leicestershire (David Taylor) focused on two main issues. He mentioned the lower rates of business tax, which I warmly endorse. The whole House supports the Chancellor's decision to reduce corporation tax from

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33 to 30 per cent., small business tax from 23 to 19 per cent., and capital gains tax on long-term assets from 40p to 10p in the pound. As my hon. Friend said, he welcomes what has been done for his local businesses, some of which are among the 554,000 new businesses that have been created.

My hon. Friend stressed the need for energy conservation, a cause that he has championed for much of his working life. He will share my pride that 2 million more homes have been insulated over the past eight years and that 250,000 homes will receive subsidies for insulation within two years. He mentioned his support for the £50 million allocated for microgeneration technologies, which will help 25,000 homes and businesses to generate their own renewable energy, and for the far bigger sum—£1 billion—for a new energy and environmental research institute.

The Chancellor's fiscal policies have contributed to all those measures, and include the climate change levy, which I have yet to hear the Opposition endorse. None the less, my hon. Friend presses the Government to do more and I am sure that my right hon. and hon. Friends will heed his call.

It was a pleasure to hear the right hon. Member for West Derbyshire. Of course, I welcome him to his fairly new elevation to the post of Government Chief Whip—[HON. MEMBERS: "He will be soon!"]—Opposition Chief Whip. I thought that, if anyone broke the mould of silence falling on Chief Whips, he would do so, and he has not disappointed me.

The right hon. Gentleman spoke of the resurfacing of the A50. I am aware, as he said, that he has been in regular contact with the Department for Transport on the issue, and he quoted from his correspondence. For reasons of which I think he is aware, the Department decided not to continue with that programme of replacing lengths of road surface with concrete in advance of normal maintenance requirements, primarily because of the pressure on budgets and for safety reasons. The Department must ensure that there is adequate funding for routine surface renewal schemes. I appreciate the disappointment felt by the right hon. Gentleman and his constituents. However, when the A50 requires maintenance and resurfacing, I am assured that a quieter surface will be used as a matter of course.

The right hon. Gentleman also mentioned his regret at the overturning of a stop order on a local quarry. Again, I will ensure that his observations are drawn to the attention of my right hon. Friend the Deputy Prime Minister.

On farming payments, my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs has made clear her anger that the payment procedure was not being honoured in the way she wished. When the chief executive reported to her that, on his latest reassessment, he and his agency would be unable to make the payments, she took the decision that that was wholly unacceptable. She took the action that the House would expect her to take. The chief executive was removed, and the leadership has been strengthened to find out whether the payments can be made within an acceptable time. She made her views very clear that the situation was quite unacceptable and recognised the problems. It is to be hoped that those payments will be made as quickly as possible.

The hon. Member for Isle of Wight (Mr. Turner) made a thoughtful contribution about providing health care for a population of about 130,000, especially at a time when previously unimaginable advances have been made in medical technology. That involves massive investment in state-of-the-art technology and ever-larger teams of the highest skilled people to carry out the treatments and operations that are now necessary. Speaking from my constituency experience, even with a population of 500,000, problems can be generated in getting the critical mass. In fact, I come from a rural area, so I know better than many that the issue is how we ensure that the critical mass is achieved and the proper resources provided. The hon. Gentleman argued that more money should be put into the issue. It is a common cause, and more money has indeed been devoted to health care, but we now need to work in a bipartisan or tri-partisan way to consider the problems of such areas, including how close to home people's needs must be serviced.

To echo the words of the right hon. Member for Maidenhead, there is no reason why Members of Parliament should not take up any issue with the chief executive and chairman of their local strategic health authority. In my 19 years as a Member of Parliament and in the seven years before that, when I served on a local health council, I have met chairmen and chief executives of health authorities of every and no political complexion. I have always told them to be plain with me, and still do, and I expect them to focus on the interests of the people they serve—in the case of chairs, mostly in a voluntary capacity; in the case of chief executives, I hope as consummate professionals. I know that the whole House will urge the hon. Member for Isle of Wight's local health officials to be frank and honest with him since he is quite clearly very capable of articulating their concerns at the highest level.

The hon. Gentleman lamented the loss of 200 staff. I know that my right hon. Friend the Secretary of State will want to know the details of that because thousands of nurses and doctors have been provided in the Hampshire and Isle of Wight strategic health authority area in the past nine years and it is important that it balances its budgets as others have done. It is one of the sad facts in relation to the present financial outlook of the minority of health authorities that some 50 per cent. of the overspending is accounted for by only 6 per cent. of them. I urge them to look at health authorities that are able to bring in their services on budget, at a very high level, meeting local demands.

The hon. Gentleman also raised the issue of dentists. Not only have we increased investment in dental schools and dental education by more than 30 per cent., to ensure even better value for money we have increased the number of dental students by 34 per cent. The facts about the number of dentists are also clear. There are 4,600 more dentists now practising in the general dental service and the personal dental service than in 1997. Adult registrations with dentists fell by 1 million between 1992 and 1997, but under this Government they have increased by 1 million. The demand is ever greater and the budget to meet it is great too. Some 17.7 million people are now on the lists of our dentists. It is with some

regret that I tell the House that the trend in the number of NHS dentists reducing their commitment to the NHS—it started well before this Government came into power, as those dentists did more and more private work—has not been reversed.

The hon. Member for Somerton and Frome might be interested to know that the money for his local health service—I think that he mentioned Bath—and his local hospital, in terms of the £1.3 million for the purchase of land and for fees, is secure. There is some £12 million for initial funding, as well. I gather that the full business case is already being prepared.

I join the hon. Member for Uxbridge (Mr. Randall) in congratulating the women's rugby team on achieving the grand slam—a terrific achievement. He also raised the issue of Kosovo. As the House will know, I chaired the Scottish charities' Kosovo appeal, which was charged by the UN with rebuilding some 8,000 homes in Kosovo. Although I completely endorse what he says about the criminal wilful damage to churches and monasteries, I know that he will join me in condemning the damage that I saw, when I went in shortly after Kosovo was liberated, to the mosques and other buildings, too. I also know that he will want to praise and get an up-to-date report from David Blunt, who is our Foreign Office highest representative there, and his colleagues on the present position. I hope that we can ensure that a copy of those comments is passed to him. We want to ensure that the intervention, which I am convinced saved 250,000 lives, in contrast to the failure to intervene in the previous decade, allows the country to be rebuilt properly.

The hon. Member also spoke about the North West London strategic health authority. He asked for extra money and raised the plight of his cancer hospital. My colleagues will read his comments with concern and interest.

Mr. Randall: First, I was referring to the deficit of the primary care trust. I was not necessarily talking about extra funding for the cancer facilities, but where they were being placed.

Nigel Griffiths: I think that *Hansard* may show that the hon. Member mentioned funding before he went on to cancer, but, none the less, his constituents will not blame him for wanting to ensure that the right resources are in his authority. His comments about the possible third runway at Heathrow were balanced.

Like the hon. Member for West Chelmsford (Mr. Burns), the hon. Member for Uxbridge talked about the alarming increase in the number of identity fraud cases. People appear to be registering using the addresses of innocent constituents so that they can gain driving licences and other documents in such a way that they completely evade the law.

Mr. Burns: I was not talking about people registering at other domestic addresses, but hundreds of people registering at a commercial mailing address.

Nigel Griffiths: I was coming on to the point that the hon. Member raised. The hon. Member for Uxbridge talked about a domestic address, but the hon. Member for West Chelmsford made us well aware of the problem with 25 Duke street. Both hon. Members made the clearest case for identity cards that the House has heard. It is important that people who are able to take out driving licences and passports in such a way and the criminal gangs that organise the activity are tracked down.

Mr. Randall: I am slightly astounded by the Minister's comment. I do not know whether it is necessary for my 86-year-old mother to have an identity card. I am always open to suggestions, so if he can explain how identity cards would avoid the situation that I described, I will be all ears.

Nigel Griffiths: Because one of the great advantages of an identity card is that it relates solely to an individual, so when an application is made—passports have been mentioned—the individual is tracked, which makes forging any document that might relate to the identity of a person much more difficult. It is because people do not have identity cards at the moment that we have the sort of explosion about which the hon. Member talked. The matter is so serious that he and another colleague raised it in this important debate.

Mrs. May: I am having some difficulty understanding the Deputy Leader of the House's explanation of how identity cards will address the problem. The issue is not people turning up with a different identity, but individuals putting down an address that is not theirs when they fill in forms, whether that is the address of another person or a mailing house. How will that problem be solved by identity cards? If an identity card holds such an individual's address, presumably it would just hold the incorrect address.

Nigel Griffiths: No. I would have thought that the right hon. Lady would know the answer if she had sat and listened to the debate, as I did. Any filling in of such forms could be checked on the national identity register. There would not be a question of the original address. People completing forms can apparently make up any name that they choose at the moment, which is why the problem is serious.

The hon. Member for West Chelmsford even-handedly praised the £100 million commitment to invest in Broomfield hospital. I know that he will celebrate the 100 or so major hospital projects that are under way or have been completed under the Government. I believe also that as a Minister in the previous Conservative Government, he will know the background of despair and frustration that I am sure that he shared in the 1980s and 1990s—his constituents certainly did—while waiting for another Government to come along to deliver a hospital for which people had been waiting for decades, if not since the last war. It is important that the hon. Gentleman pays tribute to the fact that without commitment to the necessary money, his constituents would have no hope of any hospital in the future. It is important that they have that hope. There is the need for the best funding package for a hospital in the hon. Gentleman's area. I am sure that that is inflamed by the hon. Gentleman's constituents being able to see up to 100 hospitals throughout the country being built, and that the hon. Gentleman does not feel that he and his constituents are at the head of the queue. I would feel the

[Nigel Griffiths]

same. I can assure him that when a new hospital opens, as one has on the edge of my constituency, using PFI, that will be widely welcomed and greatly appreciated.

We have not made up in nine years for 50 years of neglect under the previous Conservative Government and Governments before that. That is not something for which I can apologise, but I am sure that the hon. Gentleman will regret not voting with the Government to treble the NHS budget.

I was disappointed when I did not see the hon. Member for Southend, West (Mr. Amess) in his usual place at the beginning of the debate. However, I was pleased to see him come along into the Chamber. He is one of the few Members who are difficult to predict when it comes to exactly what issues will be raised. The hon. Gentleman did not disappoint us today. He raised some serious points, and I would like to be the first to praise him for his outspoken support for the release from imprisonment of one of his constituents and two others. I know that he has praised the Government, including my right hon. Friend the Foreign Secretary, for the representations that they have made consistently about the conditions in which his constituent was held and about the treatment that he and the others received.

I understand that they were convicted of the offence of supporting a banned organisation, the Islamic Liberation party. They served three quarters of their sentence and applied for remission, which I know the hon. Gentleman strongly supported, as I understand did our Government. That remission was granted. When they returned, special branch wanted to interview them at the earliest opportunity, because of conditions that I think are explicable. I regret if that caused further distress to their relatives. I hope that they have got over that and acknowledge that the hon. Gentleman's constituent is now home in the warm embrace of his family.

I am sure that the hon. Gentleman's views on the future of embassies will be noted.

The hon. Gentleman mentioned the grant settlement, as did others. Given the support for councils under this Government, compared with anything that was given under the previous Government, I take criticism ill on this subject. I am not qualified, as the hon. Gentleman is, to comment on badgers. I know that the relevant Minister—I am not sure which one it is—with responsibilities for urban badgers as against rural badgers will doubtless want to tackle the issue. The hon. Gentleman made a number of observations about a private airline and where it has gone. More seriously for his constituents, he made observations about cancer services in his area, all of which have been noted.

The shadow Leader of the House is a model of ingratitude. If we consider what has been delivered in her constituency by the Government in terms of funding, I am surprised that she could not bring herself to say "Thank you" for the £1,160 extra per pupil. I am happy to tell the right hon. Lady that the Windsor and Maidenhead local education authority had an allocation of £4.4 million this year. That compares to £2.3 million, which was inherited, to the devolved schools' budget. In her constituency the number of five, six and seven-year-olds in classes of more than 30 is now 32. It used to be 738. She had no praise for the 120 more teachers.

On crime, the right hon. Lady expressed no thanks to the Government for 4,114 more police officers in the Thames Valley area serving her constituents and others. That is an increase on last year, and 4,000 more than when she was in government.

Mrs. May: I was not.

Nigel Griffiths: On health, the right hon. Lady failed to praise the Windsor, Ascot and Maidenhead PCT, which now has 2,760 more nurses, over 1,200 more doctors and over 350 more consultants. She failed to praise us for the work that we have done with local and other businesses in her area, which has resulted in youth unemployment falling by 22 per cent. She failed to apologise for not supporting the new deal, which has been instrumental in helping her constituents.

A number of great achievements have been made in the past nine years. I am glad that Members have given me a chance to showcase some of them. I am sorry that those have been only grudgingly received, and not acknowledged at all by some hon. Members.

Mr. McLoughlin: The Deputy Leader of the House was doing a reasonable job, but he spoiled it towards the end. If the Government have such a wonderful proud record, why are there not a huge number of Members on the Labour Benches to sing their praises?

Nigel Griffiths: I noticed that the hon. Gentleman had to use his pager to rope in some of his colleagues late in the day. I thought that I was being generous to one of them by noting that he was not in his place—the rather charitable convention in the House. A number of Members, including the hon. Member for West Chelmsford, were not in at the beginning of the debate or not in for the whole debate.

Mr. Burns: The reason that I was not present at the beginning, about which I notified the Speaker's office, was to help the Government to complete the Committee stage of a Bill. We sat 40 minutes late.

Nigel Griffiths: I am grateful to the hon. Gentleman for putting that on the record. What it tells the House and people who care to read *Hansard* is that there are many serious reasons why Members are not in the Chamber. It is the Opposition who chose to raise the matter and dwell on it, to their own embarrassment. I am sure colleagues on the Government side have equally valid reasons.

I end, Madam Deputy Speaker, by thanking you for the role that you have played in this debate and in the absence of the Speaker. We wish the Speaker a recovery to full health, and I wish every Member of the House a peaceful and restful Easter.

Kevin Brennan (Cardiff, West) (Lab): I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

PETITIONS

Children's Hospices

4.28 pm

Bob Spink (Castle Point) (Con): I wish you, Madam Deputy Speaker, all colleagues, officers and staff of the Palace of Westminster a happy Easter, and thank you and everyone else for what you do. Today I especially thank the excellent and honourable team of Doorkeepers who are waiting at the Bar, ready to carry into the Chamber some 250,000 signatures calling for fair play on children's hospice funding.

I have more than 12,000 signatures. These were organised by *The Sun* under its caring and excellent journalist, Dave Masters, and by Somerfield supermarkets' wonderful Butterfly campaign. I congratulate them. They are heroes. The campaign does not end here. There are plans for the whole year, starting with No. 10 Downing street in May.

The petition states:

To the House of Commons,

The Petition of UK residents,

Declares that there is a scandalous lack of funding for children's hospices which care for the most poorly kids, which means these are forced to rely on charitable donations.

The Petitioners therefore implore the House of Commons to call upon the Government to urgently provide short term funds to children's hospices to cover the loss of lottery funds and to improve the longer term funding arrangements for children's hospices and further urges the Government to do all within its power to ensure that children's hospices are, at the very least, funded at the thirty per cent. level awarded to adult hospices.

And the Petitioners remain, etc.

To lie upon the Table.

Lip Reading Services

4.30 pm

Bob Spink (Castle Point) (Con): Mrs. Irene Haylock of Benfleet hard of hearing club is chairman of the Essex league of the hard of hearing. Deafness and hearing loss is seriously undervalued as a disability in some areas of society. Deaf people feel that others think that they are just stupid, and they are often excluded in social environments. I am grateful to all those who supported the petition and who care about that disability, including, of course, the Royal National Institute for Deaf People.

The petition states:

The Petition of the residents of Castle Point and others,

Declares that deafness and difficulty of hearing are serious and very debilitating conditions and is undervalued as a disability in many ways therefore the petitioners believe that lip reading is a skill for life and should be provided free of charge to those who need it and are concerned that there is effectively postcode discrimination on the provision of this essential skill, with, for instance, fees in Castle Point being increased from £5 to £90 and that this discriminates against the poor and vulnerable and will prevent people achieving healthy and active life styles and will cost the state more in the longer term.

The Petitioners therefore request that the House of Commons call upon the Government to ensure there is universal free provision of lip reading services for deaf people and the hard of hearing.

And the Petitioners remain, etc.

To lie upon the Table.

Prevention of Antisocial Behaviour

4.31 pm

Bob Spink (Castle Point) (Con): Many good people in the neighbourhood of King George playing field, Canvey Island, are deeply concerned about antisocial behaviour by some youths on the island. Castle Point has a large number of youths, the vast majority of whom are great, caring, honourable, hard-working kids with bright futures, but the situation is spoiled by just a few yobs, who seem to get all the publicity. I am grateful to Inspector Kevin Diable-White of the local police, who is doing all that he can to tackle that problem along with Castle Point borough council and residents.

The petition states:

The Petition of the residents of Castle Point and others,

Declares that the petitioners are deeply concerned about yob behaviour which is causing serious problems for local communities and particularly the elderly with hordes of noisy young people creating more than a nuisance of themselves, particularly on Friday and Saturday nights and that individuals have attempted to bring this to the attention of the council and police which jointly have the responsibility to stop it, but without success, therefore we have decided to get together and hope that this community wide appeal to the authorities will bring results.

The Petitioners therefore request that the House of Commons call upon Castle Point Borough Council and the police to take tough action to ensure that yob behaviour which is destroying quality of life is addressed in a sustainable manner.

And the Petitioners remain, etc.

To lie upon the Table.

DNA Database

Motion made, and Question proposed, That this House do now adjourn.—*[Kevin Brennan.]*

4.33 pm

Mr. Adam Holloway (Gravesham) (Con): I am delighted to see that hon. Members on both sides of the House are busily engaged in other important matters this afternoon.

The national deoxyribonucleic acid database—the national DNA database—has the potential to transform our country into a low-crime society, but it also has the potential to make us feel that we are living in the "Big Brother" house. There are currently about 3 million people on the database, and that number includes what has been described as

"virtually the entire criminally active population".

By 2008, it is predicted to include 4.2 million people, and presumably most of those new additions will be people who are not currently criminally active. Since last year, well over 100,000 law-abiding people have been added, even though they have not been charged with any crime. The number continues to increase each year.

The police currently have the authority to take DNA from any person who is arrested and detained for a recordable offence, including road traffic offences. Samples can be taken by force if necessary, but are generally taken using a swab from the mouth. Those are known as criminal justice samples, but they are not taken only from criminals. There are two other types of sample: those recovered by the police from the scene of a crime; and those taken from volunteers. For example, 4,000 people in Croydon are being tested to eliminate people from the investigation into the murder of Sally Anne Bowman.

The UK database holds the largest amount of data in absolute numerical terms and in percentage of population terms of any other country in the world. It currently stands at 5.2 per cent. of the population; in the United States, it is 0.5 per cent. of the population. To put this in some context, in addition to the profiles of the 3 million or so individuals, there are nearly 300,000 crime scene profiles on the database relating to a variety of crimes such as burglary, theft and fraud. It also contains a significant number of rapists, murderers and kidnappers.

Recent Home Office figures show that where there is DNA at a crime scene, the overall detection rates shoot up: in domestic burglary, from 16 per cent. to 41 per cent.; in theft from a vehicle, from 8 per cent. to 63 per cent.; and in criminal damage, from 14 to 51 per cent. That shows that the average detection rate across all crimes rises from 26 per cent. to 40 per cent. for crimes where a DNA profile has been obtained. In a typical month, that equates to around 15 murders, 45 rapes or sexual offences, and 2,500 motor vehicle, property and drug crimes.

My friend, Commander Dave Johnston, head of homicide at New Scotland Yard, cites the example of a gerontophile—somebody who rapes elderly people—who has for some time been at large in south London. He has raped about 40 women and killed two of them through rupture injuries. The commander says: "We've got buckets of this man's DNA—we just don't have anything to compare it with." He points out that this is just one of the 300,000 outstanding crimes where the offender is known, but only by the DNA that they have left behind. These people cannot be matched to a named person because they are not on the database.

People in my constituency suffer from far too high levels of crime associated with vastly inadequate routine police resources, despite the overall increase in police numbers in recent years. Mercifully, very serious crime is rare, but when it happens, Kent police, under chief constable Mike Fuller, have an excellent record; we need only look at their performance over the £53 million cash heist that took place a month or so ago.

But if we are to reduce crime and make our community safer, we must remove or control those who pose a risk to our well-being and safety. Many of the outstanding DNA samples held by the Forensic Science Service relate to repeat offenders, particularly in cases of rape and serious sexual assault. Many of those as yet unidentified are continuing to offend. Furthermore, the power to take DNA from people after death would be useful in cases of a sexual nature. It would mean that undetected crimes did not remain outstanding if it could be established that the perpetrator had died.

There may be a strong argument for taking DNA from dead people to help manage the current database. At the very least, the police could tell the victim, who might still be living in fear, "Sorry, we didn't get them, but they died." That might be helpful for victims dealing with the effects of such awful crime.

The UK police currently obtain DNA from only 1 per cent. of crimes. Research shows that, with proper investment, that could be increased to more than 54 per cent.—in other words, those crimes where DNA might reasonably be expected to be found. That would significantly increase the number of criminals brought to justice. Of course, that would be wasted if the number of people on the database did not increase.

The science of DNA does not only convict the guilty. It also helps the innocent who may otherwise face trial because of compelling circumstantial evidence or witness statements. There may be cases where a prosecution would have been based on that sort of evidence but for the presence of DNA, which led to another person being convicted or the original suspect being eliminated.

Apparently, in five years, we are likely to be able reliably to tell the skin complexion, height, birthplace and details of any deformity or significant impairment of an individual through DNA. It is possible to grow a sample from the merest touch against a surface or a body using a system called low copy number—LCN. It can currently be used to determine an individual's physical characteristics including, gender, ethnic background, eye colour and hair colour. Many other characteristics are being worked on as the understanding of DNA develops. Recent changes to the law in California are likely to lead to another technological surge as private sector companies seek the massive profits that will be available.

The DNA of any individual comes 50:50 from mother and father. By using that knowledge, family connections can be made. Earlier, I mentioned the gerontophile. The police know, quite precisely, where his family comes from. The closer the family member, the closer the link on the DNA.

DNA can be obtained from almost any cell in the body but is normally taken from testing blood, saliva or semen. In cases of a badly deteriorated corpse, it can also be taken from bones or teeth. One should bear in mind that around 50,000 people remain on the missing list in this country alone.

The current methods are called SGM plus—single generation multiplex plus—which provide 10 different markers for identification. Extrapolated out, they give a statistical likelihood of two similar DNA samples being one in 1 billion.

The country—and my constituents who travel into London day after day—face another gigantic threat from terrorism. Eye-popping work is being done using DNA, as the Under-Secretary knows. Of the four July suicide bombers, we held DNA on only one. If we had had more, the police and national intelligence agencies could have established who they were far more quickly and linked them to other people, other addresses and possibly other scenes.

That is rather a long-winded way of saying that some amazing benefits have come out of the UK's advanced and world-leading position in DNA databasing.

The trouble is that I, and many other people, feel uneasy about the state holding information on us—whether about our financial position, our personal lives, or, as my hon. Friend the Member for Uxbridge (Mr. Randall) mentioned an hour or so ago, through council tax inspectors. Most of all, many of us feel uneasy at the thought that the state might have part of our physical being by holding our DNA. When I leave here this evening, I could be arrested for a traffic offence. I might not subsequently be convicted, but in five days' time, my DNA could be on the database for all time.

If we are to make the best use of this technology, we must have a proper debate about it. At present, it feels as though we are moving towards a national database by stealth. Perhaps the benefits would be so huge in transforming the crime profile of this country that the public could be swayed in favour of the move. The bottom line should be that, if innocent people's DNA is going to be held on the database, we should have a rational debate and try to bring this about in an open and organised fashion, and not in a haphazard manner, however well intentioned and successful the Government have been in this area.

If the Government want a database that contains the code for everyone, and not just for existing criminals, they should be honest about that. They are getting more and more people, many of them innocent, on to the database, and the challenge for them and the very senior police officers who are calling for a national compulsory database is to reassure people and to win the argument by demonstrating the extraordinary potential benefits to people like me, my constituents, and the civil liberties groups. At present, the bit-by-bit approach is doing nothing to ameliorate people's fears.

4.46 pm

The Parliamentary Under-Secretary of State for the Home Department (Andy Burnham): I congratulate the hon. Member for Gravesham (Mr. Holloway) on securing this debate. Normally, it would be considered "a difficult one" for someone in my position to get the Adjournment debate just before the Easter recess, but I am actually pleased to be here, because this is an important subject. The hon. Gentleman is right to draw attention to it, and it is right that we are here to discuss it and its implications.

This debate provides a useful opportunity to discuss the contribution that the database makes to the work of the police and the wider criminal justice system, and I want to begin by thanking the hon. Gentleman for the way in which he has put forward his remarks today. He has balanced them by recognising what he called the "amazing benefits" that the database has brought, and it is important that the debate should be seen in the context of those benefits, although of course there is a balance to be struck. He has also aired some of the concerns about the retention on the database of the DNA profiles of people who have been arrested but not convicted of an offence, and it is right that we are here to debate those important issues.

Bob Spink (Castle Point) (Con): Has the Minister considered the difficult and sensitive issue of the benefits and disbenefits of taking DNA samples from anyone who seeks to come to live in this country from abroad?

Andy Burnham: That question relates to the possible expansion of the database, which I will deal with more fully in a moment. However, the answer to the hon. Gentleman's specific question about people coming to this country is no. The Government's position is that we are moving towards a system of external identifiers, commonly known as biometrics. These are being progressively introduced into the British visa—that process is under way as we speak—and the hon. Gentleman will also know that many countries are introducing biometrics into their passports. They are external identifiers, and there are no plans to go further and to take DNA from people wishing to travel here.

Bob Spink: The Minister might not be aware that the Science and Technology Committee has looked at biometrics, including iris and facial recognition and fingerprints, and found no evidence from any large-scale project that using multiple biometrics in the way that the Government propose would work technologically. The Government are simply making an assumption that they would work, but there is no evidence of that. In the absence of a working biometrics system, would the Minister consider the use of DNA?

Andy Burnham: No, I would not. I do not believe that people would accept that. Even for someone often accused, as I am, of not having regard for such matters, it would raise substantial civil liberties implications. On that basis, I would rule it out categorically. As to the questions that the hon. Gentleman raises about the effectiveness of biometrics, I do not accept that that is the case. I do not know whether he has travelled to the United States recently, but it has a large-scale immigration system that uses biometric information extremely successfully. His assertion that there is no evidence of external biometrics providing a higher standard of identification in travel documents is therefore wrong.

Like the hon. Member for Gravesham, I recognise that the national DNA database is an extremely powerful tool. It therefore follows that it needs to be

[Andy Burnham]

used carefully and proportionately, with the fullest possible parliamentary scrutiny. That is why I am pleased that he has secured this debate and that we are here today. I want to make a commitment to him and the House that that scrutiny will continue, and it is important that it does. He is right to say that it is important to explain the benefits of the national DNA database so that we can continue to build a consensus in support of it. It is right that the debate should be taken forward with openness, not secrecy. In that way, we will maintain and secure confidence.

As the hon. Member for Gravesham rightly says, the database is achieving some extraordinary public benefits by solving crime, especially some appalling crimes that have remained unsolved for many years. It rightly commands solid and sound public support, and in my view the majority of our constituents support it and want it used to the fullest possible extent. I want to give some examples of that success. It is important to conduct the debate, and explain the benefits, without resorting to language likely to raise fear or alarm unnecessarily among the public. In certain quarters, the database is viewed as something necessarily to be feared. I want to deal with that directly.

There is no material disadvantage or cost to the individual simply from being on the national DNA database—it is not a criminal record. A cost arises only if a further crime is committed. Even before the advent of DNA technologies, the police always retained information relevant to an investigation that they had carried out, even if that investigation did not subsequently proceed to charge or trial. Those decisions have always properly been at the discretion of the police and, ultimately, of the chief constable of a force. I would not want that to change. It is right, however, that processes are put in place to ensure that people can question the legitimacy of their data being held on the DNA database. The Association of Chief Police Officers has recently been working on guidelines for those procedures.

We can also consider other safeguards, such as the proviso that DNA is only taken when an individual is arrested in connection with a recordable offence. The hon. Member for Gravesham suggested a couple of times, although I do not think that he sought to be misleading, that someone arrested for a road traffic offence could have their DNA taken. That would only occur in the case of a more serious road traffic offence. It would not happen, for example, if someone had not been wearing their seatbelt, but in cases of serious offences such as failing to provide a specimen of breath when requested or tampering with a vehicle. It is important to put that on the record.

A further safeguard is that access to the database is strictly limited. Only a small number of people—less than 30—have direct access to the database. People cannot access the database from police stations all over the country. That is an important safeguard, which people want to hear about. The individuals who can access the database are highly vetted and security-cleared. The statutory purposes of the database are also clearly defined: those relating to the detection and prevention of crime, with the extension to the identification of dead bodies, following the awful events of the tsunami.

Let me give some background to the debate. The DNA database has been in existence for 10 years. It was begun under the Conservative party, and was set up as a police intelligence database to hold DNA profiles from persons charged with, reported for or convicted of a recordable offence. Between 1995 and 2000, the number of DNA profiles from sampled individuals grew slowly from zero to approximately 750,000. In the late 1990s there were around 21,000 DNA matches per year, providing the police with leads on the possible identity of offenders.

It was clear that DNA was having an impact on serious crime, and on high-volume crimes such as burglary and vehicle crime. That illustrated the potential value of the database. In 1999, therefore, my right hon. Friend the Prime Minister announced plans to increase the use of DNA technology through the setting up of the DNA expansion programme, and significant investment—some £300 million—was allocated to the programme. Its aims were to expand the database to hold profiles of all active criminals—the hon. Gentleman mentioned that—and to take DNA materials from more crime scenes and load them on the database. The database holds both types of sample. We believe that the programme has achieved its aims, and that is borne out by the recent progress report on it.

It is impossible to be precise, but we believe that the database now covers a large proportion of the criminally active population. At the end of February 2006, it held more than 3.5 million profiles from sampled individuals. Between 2000 and 2005, more than 2.25 million persons were sampled and their profiles were added to the database. That is treble the number of profiles loaded in the previous five years, between 1995 and 2000.

The database is a key police intelligence tool, helping to identify offenders more quickly, eliminate suspected offenders earlier in investigations, make earlier arrests and secure more convictions. Those are very important public policy objectives, of which I am sure Members in all parts of the House approve. The database provides criminal leads for police investigations.

The hon. Gentleman referred to the forecast growth of the database. Forecasts indicate that it is likely to expand to 4.25 million profiles by 2007–08 as a result of the sampling of arrested persons and newcomers to crime. It is not the case that anyone added to it is "innocent". The hon. Gentleman may not have meant that, but it was possible to interpret what he said in that way. There are currently more than 6.2 million records on the national fingerprint database. That is to be expected, as the national fingerprint collection has existed for far longer—since the first half of the last century.

The hon. Gentleman raised the issue of a universal DNA database, and the hon. Member for Castle Point (Bob Spink) strayed into the same territory, wondering whether DNA should be collected more generally. It remains our view that the national DNA database is an intelligence database for police service use, to assist in the fight against crime. That is clearly laid out in the statutory purpose of the database. The Government

have no plans—I repeat, no plans—to introduce a universal compulsory, or voluntary, national DNA database, or to seek to obtain DNA samples from the entire population. Nor is it our intention to build the database by stealth. It is our intention simply that the samples will continue to match arrests made and crimes committed.

We believe that seeking to obtain DNA samples from the entire population would raise significant practical and ethical issues, and there would need to be a national debate on it. I do not think that the country is ready to hold that debate, as may be shown by our long debates on identity cards. I do not believe that we have reached the point at which people would accept such a step. I do believe, however, that we have reached the point at which people accept the existence of the national DNA database for the policing and crime detection purposes that I have described—as long as there is proper scrutiny and debate, and testing of issues around the edges of the debate, notably the retention of samples from arrestees.

Following an amendment to the Police and Criminal Evidence Act 1984, the police have been able to retain DNA and fingerprints taken from persons who have been charged with, but not convicted of, recordable offences, and detained in police stations. DNA samples retained under PACE may be used only for the purposes of prevention and detection of crime, the investigation of an offence, the conduct of a prosecution or, since April 2005, the identification of a deceased person.

The Government firmly believe that the 2001 amendment is both proportionate and justified in the interests of preventing and detecting crime. That view was supported by a Judicial Committee of the other place in the case of R *v.* Chief Constable of South Yorkshire in July 2004. The case was a rape case, in which DNA evidence had been ruled inadmissible, even though it established the identity of one of those involved. Following that case, the House debated fully the issue of whether the rule needed to be changed, and whether the police required greater flexibility to retain DNA samples.

Since May 2001, some 200,000 DNA samples have been retained that would previously have had to be destroyed. From those, approximately 8,500 profiles of individuals have been linked with crime scene stains, involving nearly 14,000 offences. Those offences include 114 murders, 55 attempted murders, 116 rapes, 68 sexual offences and 119 aggravated burglaries. I urge those who campaign against the DNA database to reflect on those figures, which are evidence of substantial public benefit for the victims and their families of the policy that was introduced on the retention of DNA samples.

In 2003, following representations from the police service, new powers were introduced enabling the police to take DNA and fingerprints from persons who have been arrested for a recordable offence and detained in a police station. The great majority of profiles on the database are from individuals who have been either convicted of or charged with an offence. As at early December 2005, only around 125,000 profiles related to persons who had been arrested but no further action had been taken in the case.

It is a fact that the police arrest more people than they charge, and we do of course accept that broadening police powers in that way has civil liberties implications. The Government appreciate that some people may be concerned about building a larger DNA database, particularly where it relates to arrested people who have not been proceeded against for an offence. Although we recognise all those concerns, we have nevertheless concluded that any intrusion on personal liberty is both necessary and proportionate to the benefits for victims of crime and society generally in terms of detecting crime and protecting the public against criminals.

Those benefits are evidenced by the fact that since April 2004, sampling persons who have been arrested but not proceeded against has yielded a match with a crime scene stain in more than 3,000 offences, including 37 murders, 16 attempted murders, 90 rapes and 1,136 burglary offences. Those are links that might never have been made had the police not been given powers to take and retain DNA samples on arrest.

Questions have been raised about the under-18s and the database. Around 740,000 of the profiles on the database relate to young persons who were under 18 at the time the sample was taken. Many of those persons are now over 18. As at 13 December 2005, there were around 377,000 under-18s on the database. Young persons under the age of 18 who have their DNA on the database have been portrayed in some sections of the media as innocent children. We need to recognise that, sadly, that is not always the case. Under-18s make up approximately 23 per cent. of all arrests, and thus a comparable proportion of young persons' profiles on the database should not be unexpected. Home Office statistics published in 2003 indicate that the peak rate of offending is among young persons.

Many offences including burglaries, robberies, criminal damage and drugs offences are committed by under-18s, causing great distress to their victims. Some young people go on to commit very serious offences. For example, a case was reported last week of a 14-year-old who had raped four children of primary school age. It is crucial that the police have access to DNA intelligence to ensure that young people who commit such crimes are detected as soon as possible, for the sake of their victims and in order to prevent any further such crimes.

That said, there will inevitably be some instances where entirely innocent young people are arrested and sampled in a case of mistaken identity, as the hon. Gentleman pointed out. In such cases, chief officers have the operational discretion to remove the DNA profile from the database and to destroy the DNA sample. Recent guidance from the Association of Chief Police Officers has laid down how the process can be pursued. Members acting on their constituents' behalf can of course follow that process, details of which have been placed in the Library of the House.

Let me give some examples of the benefits of a national DNA database. Almost every week the media report on the outcome of criminal cases in which DNA-matched intelligence has been used and relied on. On average, the database provides police with 3,000 intelligence matches a month, thereby enhancing their capability to detect crime; indeed, some 40,000 such crimes were detected in 2004–05. The hon. Gentleman gave figures for cases in his own region during Operation Advance 1, which, as he may know, was a nationwide review of cold cases. For example, in Tunbridge Wells in 1989, an 18-year-old woman was threatened with a shotgun and raped, and only when the offender was arrested in 2004—when Kent police began

[Andy Burnham]

reviewing undetected serious crimes using modern DNA techniques—did he eventually plead guilty to rape and false imprisonment. He was sentenced to 13 years in prison. Other cases in the hon. Gentleman's region include the sentencing to life of a man found guilty of raping two students at knifepoint, 16 years after those offences were committed.

A powerful feature of the database is that if someone who committed a serious offence many years ago commits a more trivial one some years later, that requires the taking of a DNA sample and the link between the two offences is triggered. The ability to link a range of criminal behaviour back to serious crimes is very important, and the two cases from the hon. Gentleman's region that I mentioned are powerful examples of how the database can uncover such links. Members may have read this week of "Wearside Jack", the hoaxer who disrupted the hunt for the Yorkshire ripper. The man in question, who has since been arrested and convicted, had a sample taken in 2001 when he was arrested and cautioned for being drunk and disorderly. A cold case review in 2005 of the original hoax case retrieved DNA from the seal on one of the envelopes used to send the hoax letters. That DNA matched the later sample.

Amazing stories are emerging in our press almost weekly, and when people read them they will immediately appreciate the power and benefit of the national DNA database. The cases are, at times, incredibly moving, and the victims are given a chance to regain their lives as they perhaps thought that they never would. Following a successful prosecution in a serious case, a senior investigating officer involved in the cold case review said the following:

> "We would never have caught him had his DNA not already been on the database—he didn't even live locally so we had no intelligence leads either".

As Members will appreciate, the ability to make connections between cases in various parts of the country is a very powerful policing tool.

I could regale hon. Members with plenty more statistics and stories, but I do not want to keep them from leaving for their Easter break. However, I believe that the database is an intriguing subject, and that the House should take a close interest in it. I am ready to help it to do so, as I want the debate to be open and conducted in a spirit of explanation rather than the sort of scaremongering that would be a disservice to the public. The hon. Member for Gravesham has certainly shown the proper spirit in his approach to this debate.

I assure the House that it is not the Government's intention to build a database by stealth, or to amass more and more information for some ulterior purpose. We want that information to help the police—whom we pay to protect us—to do their job better. In that way, victims will get more justice, and the population as a whole will feel more secure. Apart from aiding the identification of deceased bodies—I am sure that no hon. Members will disagree with that use of the information—that is the only reason for compiling the DNA database.

The statutory purposes behind the database mean that people can be confident that it is being taken forward in the right way. From his remarks, I took it that the hon. Member for Gravesham supported the principles underlying the database's use, but that he wanted confirmation of its openness and accountability. That is a perfectly legitimate request, and I am happy to have been able to respond. I again congratulate the hon. Gentleman on securing the debate, and in wishing the House a happy Easter break, I also hope that more parliamentary time can be given to this important matter in the future.

Question put and agreed to.

Adjourned accordingly at eleven minutes past Five o'clock.

Westminster Hall

Tuesday 21 March 2006

[MR. BILL OLNER *in the Chair*]

Rape Cases

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Coaker.]*

9.30 am

Vera Baird (Redcar) (Lab): In 1999, I wrote a pamphlet for the Society of Labour Lawyers called "Rape in Court"—that is a clever double entendre. If anyone wants a copy of the valuable first edition, an odd one is still available. In it I said that, in 1985, 25 per cent. of rape complaints brought a conviction, with no recorded assertion that the conviction rate was unjustly high. By the date of its writing, complaints had risen to an all-time high but the conviction rate for rape was just 9 per cent.

I set out the need to restrict the rules that allow cross-examination about previous sexual history, to encourage women who are afraid of such cross-examination, and to address the findings of a Canadian researcher called Calton that where jurors hear information about a rape complainant's previous sexual history it leads to a decrease in the perception of the accused's guilt, and that that varies directly with the amount of negative information put before a jury. A defendant was seen as most guilty where nothing was known about her. Calton also found that if all the material alleged against her was denied by the complainant, the perception of the defendant's guilt still decreased—a recipe, one may think, for unjust acquittals.

The change to restrict cross-examination about previous sexual history was brought about in section 41 of the Youth Justice and Criminal Evidence Act 1999, as far as its admissibility to show that she consented was concerned. It is subject to a number of exclusions, but basically it is excluded. However, that has not worked.

In "Rape in Court" I hesitated to recommend that the defence that the defendant believed that the woman was consenting even if she was not should be changed so that only a reasonable belief that she was consenting would do. Rape is having sex when the victim does not consent—and, in those days, when the attacker did not believe that she consented. I was wrong not to want to change that. A jury is told to decide whether she was consenting first, and simply to end the case if she might have been. Only if it is sure that she was not consenting should it go on to consider whether, even so, the defendant might have believed that she was. At that stage, in the jury's view she has had sex forced on her.

Judy Mallaber (Amber Valley) (Lab): On the question of whether a jury might believe that someone had consented to rape, what conclusions does my hon. and learned Friend draw from the Amnesty survey that showed that a third of people think that a woman is asking for it if she is drunk or dressed inappropriately? Does she think that such attitudes might influence a jury, and what can we do to change them?

Vera Baird: I agree that those findings were troubling, and one can only say thank goodness for the other two thirds. However, I venture to wonder whether those factors would carry the same force if the same people were not answering a question in a survey, but were in a jury confronted by the deep trauma of a rape complainant. Therefore, I am not totally pessimistic about those outcomes, but they are serious.

If, at the stage where the jury is told that it must consider consent, and that only if it is sure that the complainant has not consented should it go on, the jury finds that she has had sex forced upon her, it is told that next it must look into the question whether, even though it is satisfied that she was not consenting, the defendant might have thought that she was. In those days, if he said that that is what he thought, even if she said she was screaming her refusal, for whatever reason—perhaps because he is a man who thinks that all women who say no mean yes—the jury had to give him the benefit of the doubt and acquit him. Therefore, somebody who had had sex forced on them while screaming their refusal would get no justice because the man's state of mind carried the day—and her suffering meant very little. That was changed in the Sexual Offences Act 2003, and that was correct. A belief in her consent does not now count unless it is reasonable, so the jury not only looks at his state of mind, but asks itself that second question, probably testing his honesty through the prism of reasonableness, but also redressing the balance between him and her. Therefore, there have been two important changes in the law.

There have been many other changes. In 1999, special measures became available to allow a complainant an easier time in court; the public can be excluded, or she can give evidence from behind a screen. In 2002, the joint inspectors of the Crown Prosecution Service and the police found serious failings in investigations and prosecutions. Lobbyists from the women's movement were happy that at last authoritative sources—as it were—were supporting them. There was an action plan from the Government, which is being implemented. Consent has been redefined as agreement by choice, a model intended to show the need for active consent, and not to muddle it with passive submission. Where the complainant was unconscious or in a restraint situation there is a presumption that she was not consenting and he did not think so. Judges now have to go on a serious sexual offence training course. Also, sexual assault referral centres offer a very supportive model—a place of first resort—for complainants. All those changes have taken place; the Government have made those serious moves, and they are to be applauded for seeing the problem and helping.

However, what are the conviction rates? Seven years after the publication of my pamphlet and all those steps later, they are worse. Instead of the 9 per cent. that prevailed in 1999, 5.3 per cent. is the average nationwide conviction rate. The British crime survey, in which people are asked about their experiences of crime anonymously and for no other purpose but to record them, suggests that 47,000 women were raped in 2004 and that only about 15 per cent. reported that to the authorities. Rape crisis lines suggest that the figure is even higher. There is a myth that there are many false allegations of rape. Home Office research that I will refer to shortly found that 6 per cent. of those reported cases were probably false—that is small in comparison with the acquittal rate of 94.7 per cent.

[Vera Baird]

Let me explain the point that I am making. Those who talk to the British crime survey will be telling the truth, and those who phone rape report centres are doing so for help and are unlikely to be seeking help for something that did not happen. Therefore, those numbers—47,000 in a year of whom only 15 per cent. report—are likely, on first principles, to be accurate.

The conviction rate of 5.3 per cent. is 5.3 per cent. of the 15 per cent. who reported, which means a conviction rate in respect of those who suffer rape of less than 1 per cent. Of those acts of rape, 57 per cent. were perpetrated by men who were known to the assailant. All rape is deeply traumatising, but the trauma and long-term effects of being raped by someone who a person knows can be worse than those of being raped by a stranger; it calls into question not just the conduct of the assailant but the woman's judgment for ever being with that individual in the first place. Rape is a deeply traumatic event. The term for the fallout between the number of rapes and the number of convictions is attrition, and that is the subject of this debate.

What is happening and what can we do? There is no doubt that over the past decade we have succeeded in increasing the number of complaints—not necessarily because more rapes are taking place, but because women have been encouraged to come forward—but the number of convictions has been relatively static. The research—"A Gap or a Chasm? Attrition in reported rape cases"—looks at 2004. Although some of the statutory changes that I have talked about were to do with the trial process, the biggest drop-out is right at the beginning of the case. We must look first at the large number who simply decide not to report at all—about 85 per cent.—and wonder why they do not report. A number of studies have looked into that.

It is true that, curiously, some people do not name the event that has befallen them as rape; they do not think that it is rape. A number of them do not want to report because they are afraid of their family and friends knowing, and feel some shame. However, the bulk of the reasons are to do with not thinking that the police or any other criminal justice agency will define what has happened as rape, fear of being disbelieved by those agencies, fear of being blamed or judged—in particular if they have a previous sexual history—by those agencies, distrust of the police, courts and legal process, and fear of further attack or intimidation. In other words, a large proportion of those who do not report have very low faith in the criminal justice system. That is why they do not report.

Attrition point 2, if I may call it that, is due to people who drop out almost straight away or do not get beyond reporting, and do not even give a statement. Some 34 per cent. of cases that are reported are lost at that very early stage. The import of the research is that the agencies were not pleasant and not supportive. Those respondents who did not even make a statement although they had gone with the intention of reporting cited as key factors being disbelieved or discouraged from proceeding by the police and fear of the criminal justice process. The availability of women police officers, women crisis workers and women forensic doctors was very important, and lack of those has also played a major role.

A proportion of women chose not to proceed because they wanted to take back control of the issue, but a lot of those had no contact with the police for some time after their initial report, and no offender had been identified. There is a real suggestion that many felt that they were waiting too long, could not take it any longer and needed to put the event behind them. That amounted to 34 per cent. of the withdrawal rate.

The third point of attrition is called insufficient evidence, but to that must be added two related categories: cases in which no offender is identified, and cases in which there is no prospect of a conviction. Those are the categories of the documents surveyed, and they account for a further 36 per cent. of all reports. The pro formas that the researchers found related to a failure to trace a named assailant and assessments by the police of weak cases or cases with no prospect of conviction. Some cases in which the assailant was not identified are most interesting. Of 239 cases in which the police could not identify the assailant, they made DNA tests in 19 only. In five cases, samples were sent to, and got hits on, the national DNA database. In 30 cases, the situation was clear: there were no forensic findings at all, so there was no DNA to send. However, in all 190 other cases it is completely unclear why nothing was sent to the DNA database.

Judy Mallaber: My hon. and learned Friend mentioned sexual assault referral centres, one of which is in my area. Does she agree that if they were more widely available, and if all of them had access to forensic nurses and were widely publicised, it might both encourage women to come forward and to be prepared to go to court, and assist in gathering the evidence, including DNA, to enable convictions? Does she have any evidence of how those centres have worked so far to encourage women in those ways?

Vera Baird: My hon. Friend, in her characteristic way, puts her finger on a shining light of success. Although it is early days, the evidence running through the research is that women who go to sexual assault referral centres are more likely to stay and make a complaint, to stay the course of a prosecution and to end up with a conviction—although not, I think, by a huge margin. There is none the less powerful evidence that the step of introducing SARCs is correct.

SARCs make DNA available, but the question is what the police then do with it. Paralleling the facts that I gave about the few cases from the sample sent for DNA comparison, if one looks back to the 2002 report by the inspectors of the CPS and the police, one can see that when the woman knew her assailant and a sample was taken from her, a large number of detectives—I think that the figure was 82 per cent.—did not send the DNA sample to the database to look for a match. Okay, so there was no issue about the identity of the individual; but the point is, of course, that the assailant's DNA could have been found on another crime scene stain. Equally, the DNA could be that of a convicted rapist, or of someone against whom there had been one or more previous complaints, even if they had resulted in acquittal. In a majority of cases, that simply was not done when the woman knew her accuser.

That information confirms something that runs through the research, and which is pretty well established: the police have a view of what is "real" rape

and what is not. When the assailant is a stranger in a mask in a dark alley, that is real rape, and the police then work very hard at identifying him; but when it is a person known to the woman, they do not seem to treat it as a proper crime, or they would have sent the samples off to the DNA database. The police seem to think that he is unlikely to be a criminal because he is the woman's boyfriend, and that the whole thing is the result of some confusion between the two.

Mr. Andrew Turner (Isle of Wight) (Con): What the hon. and learned Lady says may be perfectly true—I have no reason to dispute it—but does she agree that the attrition of rape cases to which she refers may be equally applicable to other crimes of assault? Does she agree that the police may regard those who hit people in the street as not being guilty of a real assault if both involved were drunk, or something of that sort? I am not trying to diminish her case, but I fear that the police are not as active as they might be in pursuing other crimes.

Vera Baird: The hon. Gentleman may well be right that if two people are drunk, the police do not put much effort into the case; I am not in a position to say. However, there is no doubt that all statistics show that the drop-out or attrition rate for rape is far higher than that for any other assault.

My hon. and learned Friend the Solicitor-General looks after the CPS rather than the police, and of course the CPS has enormous influence and control over the police. It is clear that the 2002 inspection, just like the research of 2004, shows scepticism about whether rape is a real crime. The attitude is, "Don't send a sample off to see if he's a criminal; it's highly unlikely that he is if he knows her. He's her boyfriend and something's gone wrong."

So, many assailants are not identified in situations where the woman knows who he is but does not know his address or cannot put a proper name to him, because the police do not check that up. In at least eight instances from the sample, the identified defendant absconded. I have here a story in which when a woman complained, the assailant

"contacted the police, and said oh, it was all a big mistake, and could he come and see them? And instead of saying 'No, we'll come and see you,' they said, 'Well come up on Monday' . . . So what did he do? Sunday, he got his brother to go down to London, to collect his car, and he caught the first train, bus, walked, whatever, boat, out of the country. Gone."

I doubt that that would happen with many other kinds of crime.

In the remaining types of case in the sample—those in which the assailant was not identified—police decision making turned on evidential issues, all connected with the complainant. Largely, those were cases in which the woman's account was regarded with suspicion or was not supported by any other evidence; cases in which her credibility was explicitly referred to as questionable simply because there was no support for it; and cases where previous, unsuccessful allegations of rape cast doubt on current complaints. Inconsistencies, perhaps explicable by the trauma, were relied on in 27 cases, and in 26 cases the police and the CPS simply took the view that the sex was consensual, and that was the end of it. In all the cases in that group, about a quarter of which were "no prospect of conviction" cases, the decisions were made or advised by the CPS. Some of those "no prospect of conviction" cases involved women with learning difficulties or mental health problems and people who had made previous allegations.

Two earlier studies have shown the complete failure to make progress on cases involving women with learning difficulties and mental health problems. That is a really difficult problem. How can such a person sustain their account against cross-examination? Specific attention needs to be devoted to developing prosecution strategies that will help those vulnerable victims.

Having chronicled the rather poor history of the CPS seeking to drive investigation, I draw attention to the impact of previous allegations on decision making. Where it is mentioned that the complainant has complained before and been unsuccessful, the cases are dropped. The data on multiple attendees at some sexual assault referral centres suggest that there is a group of women who are subjected to repeated sexual victimisation by different assailants. Currently, that vulnerability functions as a cue to dismiss the allegations, but if one thinks rationally about this, it could be argued that the entire attrition process will produce thousands of complainants each year entering a group that, should they have the misfortune to be assaulted in future, will mean that their complaint will be treated with even greater scepticism. The sheer fact of the attrition rate means that there will be increasing numbers of women who have complained before whose accounts will, consequently, be disregarded on a subsequent occasion.

A perplexing aspect of this category of cases is the number of them in which the police and CPS thought that witnesses proved that the sexual encounter had been consensual. However, in no case was there an eye witness. One of the complainants said that she thought

"they were just going through the motions . . . The forensic stuff was never . . . sent off . . . the investigation consisted of them . . . getting"

the defendants in and

"giving their story, sending off questionnaires to students at the college I was at . . . .And people wrote things like, 'She appeared to be really happy in their company that evening,' which of course I was, because I hadn't just been assaulted by them"

then.

"However, that, the officer in the case said, was what would make it quite impossible for there to be a conviction and off it went."

That is a prime example of the woman's case being reasonably clear. However, evidence that truly could not bear comparison with an individual's account was being used, exactly as the researchers' report says, to throw doubt on her account and say, "This is not worth taking forward."

All these examples seem to bear out the fears that characterise the decision of women not to make a report at all: that the matter would not be investigated and taken seriously, and that they would not be believed, but would be doubted if they had any previous sexual history. Such matters seem to show them that they were absolutely right not to take the case forward.

The last attrition point before trial is CPS decision making, which accounts for a relatively small group of cases that drop out at that stage, although it is correct to say that the CPS had offered opinions on large numbers of previous advice files, so it bears responsibility for many of

[Vera Baird]

the cases to which I have already referred. The researchers say that there is a shift in the CPS towards engagement with inter-agency processes and recognising the needs of victims. There is also a policy change towards the development of specialisations, which are new and welcome, although their implementation is inconsistent. However, they need to be linked to a focus on building cases, rather than doubting them.

The Solicitor-General (Mr. Mike O'Brien): The report, which I have looked at, did not say very much about the significant change that has taken place in relation to charging, which will mean that as far as rape cases are concerned, the CPS will make the decision to charge based on the evidence, whereas in previous circumstances it would have been the police who made that decision. Given that that will probably be quite a significant change, I would welcome my hon. and learned Friend's views on it.

Vera Baird: Most of this sample postdates that change. The researchers complained that the CPS has been involved in advising at an early stage, but it should have been saying to the police, "That is not good enough; you should send the DNA away and try to arrest this person. You shouldn't rely on those questionnaires. Go back and do it properly." The complaint is that the CPS is not driving the process. The researchers acknowledge readily the change towards a supportive approach from the CPS—my hon. and learned Friend has a good deal to be proud of—but, none the less, they make those comments on 2004 material, and it was 2004 when the change came into play, as I recall.

There is a further drop rate at trial. Cases involving people under 16 were twice as likely to result in a finding of guilt as those involving over-16s. The absence of alcohol or drugs was associated with conviction. External injuries, which act as corroboration of oppression or force, meant that there was twice as likely to be a conviction. Those who had been to SARCs held on and gave their evidence better, and there was a higher conviction rate from them.

I am sure that hon. Members are aware that the report is a decent-sized piece of research, which, although it is not quite as big as "War and Peace", is a lot bigger than I can fully give an account of here. I shall give a summary of it, which is always subjective. I suggest that the report is read. I hope that I am putting it fairly, but it needs deeper perusal. The researchers conclude:

> "The belief amongst some criminal justice . . . professionals that many complaints are false, that victims are to blame for 'risk-taking', places unreasonable requirements on complainants to demonstrate that they are 'real' and deserving victims."

They quote from another piece of research and acknowledge:

> "Only a sober young woman, who does not have a bad reputation, who has not behaved . . . provocatively and who has said no in the right way can be raped, and only by a young man who is sober and 'deviant' and with whom she is not in love."

The researchers say:

> "It is the awareness of these realities, and the fact that their credibility will be questioned in court (and, potentially, their sexual history raised), that was the most potent reason behind women's decisions to withdraw their complaint. Very early decisions to not complete the initial elements of an investigation are influenced by careless and insensitive treatment by police officers, as well as an existing perception of not being able to face any potential court process. Examples were uncovered of miscommunications, where police officers, in good faith, honestly conveyed the unlikelihood of a conviction and the difficulty of the court experience. These messages, whilst accurate",

were taken as discouragement.

In terms of understanding early withdrawal, victim care and satisfaction are important. The researchers paid great credit to the CPS and the police for increasing and improving the level of victim care and satisfaction enormously, compared with studies conducted even in the 1990s. However, although they say that that has improved, far less attention has been given to improving investigation.

All this is pretty well as it was in 2002 and 1999, when I wrote the famous tome that I have referred to. So, what more can we do? I had the good fortune to have a conversation with a senior, experienced circuit judge, who has requested to remain anonymous, but was good enough to talk to me in my part of the country about how he saw rape, as it were, at the coal face. He said that juries just will not have it unless there is corroboration; they take a moral and, perhaps, practical view that a lot of young women have had far too much to drink and are out for a good time, which might include having sex on the dance floor or somewhere nearby. He said that most acquittals are pretty quick, even after a three or four-day fight. Corroboration, he said, is the most important thing and without it the case is pretty hopeless.

Looking back at all the criticisms of the police, who did not send the DNA and relied on questionnaires and did not investigate people to whom the person had complained—all those failures of investigation—the judge put his finger on what rape researchers know. It is an unusual confluence of views from women in the rape lobby and judges that it is failures of policing and the failure of the police to be driven by the CPS into better policing that account for a great deal of this problem.

The judge also told me that the police do not investigate day-to-day matters well at operational level; they throw resources at getting target criminals and when there is a murder, the sky's the limit on the investigation, but they take rape insufficiently seriously. He said, "There is not a keen enough mind at an early enough stage being applied to how corroboration can be obtained in these cases." He also referred to the admissibility of previous sexual history, which is covered by section 41 of the Youth Justice and Criminal Evidence Act 1999, and said, "It always goes on previous sexual history." The idea behind section 41 was that the application to put in previous sexual history should be heard in advance of the trial, but he said, "Well, that will never happen. There are so many rapes and judges are shuffled about a lot, so it is simply not practical to do the application ahead of time. The defence would simply retake the point at the beginning of the trial." However, he also said that the point was not major, because the application is mostly simply not made. But trying to make it ahead of the trial would have a limiting factor; "rightly or wrongly, we would want to hear what the victim said, to form a view of her evidence before deciding whether her previous sexual history was relevant".

An academic called Neil Kibble was commissioned by the Criminal Bar Association to research the operation of section 41, and he concluded that it ought not to have been passed and that there was no point to it. Although it is an arrogant thing to say, I do not agree with his conclusions about his own research. A small number of judges found that the tests that section 41 made them apply to their own thinking made them focus more clearly than otherwise on the relevance of previous sexual history, and led to their excluding such evidence on occasions when they were confident that, but for those tests, they would have put the evidence in.

It is cheering rather than depressing that the section has made some difference. However, the limiting factor on section 41 exclusions is, and has always been, that it excludes previous sexual history only to cover consent. One could not put in previous sexual history to show that the victim was more likely to have consented because she had sex all over the place. However, such history could go in to show that the defendant believed that she was consenting. That is the second test, and showing such belief has never been, and cannot be, excluded.

If a defendant says in a trial that the victim was consenting, it is implicit that he is running both defences at once—first, that she was consenting and secondly that he believed that she was consenting. Whatever the merits of trying to exclude such evidence so that it cannot show consent, in any trial such evidence can come in around the legislation for the purposes of showing belief in consent. That, of course, is a problem.

Mr. Edward Garnier (Harborough) (Con): I ask the following question out of ignorance; I have neither prosecuted nor defended in a rape case, although I have appeared in a similar case that I might talk about in a moment.

When the section 41 point is argued, does the defendant have to persuade the judge that he had some knowledge of the victim's sexual history? Clearly, if the defendant had no knowledge of that history, he could not argue that she must have consented, that she was likely to have consented or that he believed she had consented because of that previous sexual history.

Vera Baird: Yes, the hon. and learned Gentleman puts his finger on an important point. The difficulty is that to try to show that the victim had consented, such evidence could come in from anywhere—saying, in short, that she was a tart and very likely to have consented. That need not have been part of the defendant's knowledge. That area of evidence is narrower anyway, but it cannot be put in for that purpose now.

However, when the issue is about the defendant's state of mind, he can put in all sorts of rumour, chit chat and street-end gossip, because as long as such things were relevant to his belief, it would not matter where they came from, although such material would be utterly valueless. In his research, Calton stated that the more previous sexual history is put in—even if it is denied—the more likely it is that the defendant will be acquitted.

Is the time approaching when we have to look carefully at whether the only successful way to exclude previous sexual history is to exclude it for all purposes except in a narrow sector of cases, when it may be relevant to something separate from consent or belief in consent? That is the double-or-quits process with section 41 at this stage. On the front line, judges, rape complainants and campaigners agree that section 41 is not working.

A very interesting point, my next to last, is that there are—

The Solicitor-General: Before my hon. and learned Friend moves on, I should say that one of the section 41 issues that I have been considering is the application of rule 36, which is that prior notice needs to be given of questioning on previous sexual history. Some of that is being breached by the way that judges are reaching decisions. I am particularly considering how we can tighten that up so that women do not arrive at court expecting not to be questioned about their previous sexual history only to find out that they are. That area is key. If a woman knows that she is likely to be questioned on that, she may be prepared for it; if she does not know that she will be until the court makes that decision during the hearing, it will be far more traumatic for her to be cross-examined.

Vera Baird: What my hon. and learned Friend has said is absolutely right, and ties in a little with what the hon. and learned Member for Harborough (Mr. Garnier) was saying. As such evidence can come from any kind of rumour or gossip, the victim may not expect it, and throwing such things on a person in public has a very powerful effect. It is imperative that the issue should be tried earlier.

The judge whom I mentioned said that it would not be easy if the issue were tried earlier, because a new judge might have a different view from that of his predecessor and it would be open to the defendant to try again at trial. However, the ruling of the first judge could be made binding on the trial judge, so that it would not be possible to reopen the issue. I agree that it is important that the decision should be made early so that the victim knows about it and can decide not to go.

However, the more important point is that it is easy to get round the whole of section 41, because implicit in saying that the complainant was consenting is the defendant's belief that she was consenting. However tightly we draw the exclusion, if it does not apply to belief and consent, it will not protect her.

The national average conviction rate for rape is 5.3 per cent., but there are amazing differences between different areas of the country. I am poor at geography, but I think that the hon. and learned Member for Harborough comes from somewhere near Northamptonshire, in which case he has cause to be pleased with his neighbours. Northamptonshire had a conviction success rate of 13.8 per cent. in 2004. The county prosecutes 25.25 per cent. of everybody arrested against whom there is a rape complaint, and convicts 53 per cent. of them. Compare and contrast Suffolk, where 11 per cent. of those complained against are prosecuted and only 14.25 per cent. of that 11 per cent. are convicted. Suffolk has a conviction rate of 1.6 per cent. of those complained against—compare 13.8 per cent. with 1.6 per cent!

My own police and CPS area of Cleveland prosecutes a fifth of people against whom there is a complaint and convicts 37 per cent. of them—a 7.76 per cent.

[Vera Baird]

conviction rate, higher than the national average, despite the negative views of the judge that I mentioned, who comes from that area. Cleveland has a very good CPS service. Lessons must be disseminated from good areas such as Northampton—south Wales is almost as good—to the poor areas that let everyone down.

Finally, great successes are being reported from specialist courts; the ones that we know of, although they are new, which are domestic violence specialist courts. Is there a lesson to be learned? In such courts, cases, having been investigated by a specialist prosecutor, are heard on the same day, in the same court, before magistrates who are trained specialists.

All the old-fashioned attitudes that permeated domestic violence—that it is a private matter, part and parcel of a relationship, and that we should not interfere—are simply ousted by much exposure and lots of training. Could we oust in the same way the poor attitudes that permeate the investigation and prosecution of rape? Is there scope for specialist sexual violence courts?

South Africa has specialist sexual violence courts. They are relatively new and I know little about them. As the theme that runs through my pamphlet, the 2002 inspectors' report and this research is that attitudinal difficulties, from the first reporting to the failure in the Crown court, are the problem, is further specialism, including specialism of the fact finders at court, the way forward?

All these five points should be considered seriously, because unless they are and unless we take more steps, on top of the good ones that have been taken, when, to public acclaim, I write the second edition of "Rape in Court" soon, I shall hardly have to change it at all.

10.10 am

Simon Hughes (North Southwark and Bermondsey) (LD): I am always grateful that the hon. and learned Member for Redcar (Vera Baird) gives us regular opportunities to debate this issue, and it is important that we do so. I pay tribute to her consistent and well-informed work, including the writing of the pamphlet she mentioned, which I had not heard of and had not read. I would be happy to take, borrow or, if she is really desperate, buy a copy of it to put on my shelves.

I also pay tribute to the Solicitor-General. He has taken the issue extremely seriously. I detect a change of heart among Law Officers and the Crown Prosecution Service to try to address the fundamental failure of the criminal justice system in relation to violated and attacked women and to women in general who are victims of any offences of violence.

I pay a third tribute, to someone who is not present in the Chamber: my hon. Friend the Member for Romsey (Sandra Gidley), who, after many years leading on women's issues for our party, has just stepped down to do other things. Just the other day she spoke in a debate to mark international women's day. It is important that there are doughty people in all parties who will ensure that these issues are always on the agenda. Such people, who take up the cudgels, must include men as well as women.

I want to make a few short points, because I do not want to repeat the statistics or the evidence. Depending on the timing of this debate, I may seek Members' indulgence to leave just before the end if the debate runs for the full time allowed, Mr. Olner. I have duties elsewhere but I am keen to hear the responses of the Solicitor-General and the hon. and learned Member for Harborough (Mr. Garnier).

First, it was good that four years ago the Government, having consulted all the agencies, came up with the rape action plan. I know that we are nearing the time when the audit of that will be published. I should be grateful if the Solicitor-General would tell us when that will be, because the statistics that we have heard, and which I knew, which show the very low average conviction rate, need to be evaluated against an objective assessment of what has been done since real effort has been made over the past five years across the criminal justice system.

In that context, I welcome the advertising campaign that is starting this month. It seeks to remind women of their rights and of their entitlement to be protected in every respect, unless they consent expressly to any activity. Indeed, by and large, even such consent would not protect somebody from prosecution if they acted illegally and assaulted someone.

I start with a fairly simple view about crime and criminality, which is that, in essence, there are two sorts of crimes: crimes against the person and crimes against property. Crimes against the person are always more serious. I start from the simple presumption that a crime against the person—a physical attack on somebody else—should result in the attacker losing their liberty. That should be the expectation. I have a simple view about that and the public expect that to happen as well.

Although I appreciate that it is early days, I hope that there will be a serious, informed and robust response when the Sentencing Guidelines Council produces its anticipated recommendations, because if the reports are correct, there appears to be a failure to understand that fundamental point, in relation to rape and other offences against women, and in relation to other offences.

I am not in any way being histrionic. Indeed, in the Chamber the other day I counselled against being histrionic. These things must be taken in a considered way and we have to await the report of the council. It is good that such a body is doing that job. That was the result of debates that we had in Committee and on the Floor of the House. There is now a better system for evaluating sentencing and the types of sentences, which I welcome.

I want to make a point that was raised not so long ago by the hon. and learned Member for Redcar in written questions to the Minister of State, Department for Constitutional Affairs. One of the things that will bring confidence into the system—I appreciate that it is marginal—will be increasingly to have a gender balance in our magistrates and Crown courts, and in the judiciary as a whole. Of course, one cannot presume that just because a woman is chairing the bench, or because there is a woman district judge or a woman circuit judge, there will be a different attitude, but my perception is that, as yet, the British judicial system does not look like and reflect Britain, and therefore it does not command

the confidence that it should. I hope that we continue to make the strides that the Government have been trying to make to broaden the diversity of those who judge these things. Juries are diverse but the judiciary currently is not. That is important.

My next point was touched on by the hon. and learned Member for Redcar. There is always a dilemma in having a devolved system of justice—a devolved system of policing and so on; there is a great debate going on about policing—and complaining that the statistics vary in different parts of the country. However, there are some worrying differences in the statistics. Given all the efforts made to ensure that there are specialist advocates and specialists within the CPS, it would be helpful if the Solicitor-General would say why, in his opinion, such considerable variations exist between different CPS areas and different police areas. That such variations exist is more important in terms of the percentage of the allegations that are taken through to prosecution than in terms of the conviction rate. The conviction rate is obviously less explicable, but that first statistic should not involve such variation. There is a proper question to be asked and answered on that.

I want to endorse the point about corroboration, which will always be the most important issue. All our experience of criminal matters shows that an unsupported allegation, particularly in a personal relationship context, is far less likely to be believed.

I ask the Minister to examine one central point. I am interested to hear the responses of other colleagues on this matter. Over the years, there have been developments to make it easier, for women in particular, to go and tell somebody about an attack. I have visited the new centre that was set up for victims in the Camberwell magistrates court in my borough. However, it appears from the figures that only four of the 43 police services in England and Wales have specialist rape units. I appreciate that some groups of people who specialise in dealing with allegations of rape might not be called specialist rape units. It troubles me that so few forces appear to have a dedicated group of police officers dealing with such offences.

More important than having either a victims' suite at court, although that is important, or a specialist rape unit, although that might be important, is the fact that it is still not normally comfortable or convenient for women to report much of the crime against them. I have a strong sense that the reason why most women do not make a complaint is that there is nowhere that they can go, where they will feel confident, before they get there.

It is not easy to go into a police station, because members of the public do not know who they will meet in the porch on the way in and whether they will encounter the right sort of attitude when they speak to people inside. It is not necessarily easy for them to go to Victim Support, because to do so might give them a feeling that they are being stereotyped—or they might be self-stereotyping—and they do not want to be seen going in and out of such places.

I have a proposition. I have done a great deal of work with a co-operative police service and co-operative people in the CPS, Her Majesty's Courts Service and the local authority, and I still do not feel that we have received an adequate response in my part of the world, south of the river in London. Without being gimmicky in any way, it might be worth while for each local authority area, town and community to have something that I call, for the purposes of argument, a women's crime centre, where women can go and report a crime, whatever it is, in surroundings in which they feel comfortable.

My important point is that that would not be a place where women go to complain only about sexual offences; they could go there to complain about any crime. It could be a complaint about a handbag being stolen, or a mobile being taken on the bus, or about a parent in the playground. We need to make it much easier for women to go somewhere to make a formal complaint or discuss whether to make one.

A lot of the difficulty lies in the initial threshold of being willing to make the decision, for all the reasons given by the hon. and learned Member for Redcar. Many people do not go from the trauma of an offence such as rape or sexual assault to telling anyone in officialdom because of the fear, the perceptions of their friends and family, and the potential publicity. The Solicitor-General and other hon. Members will understand that as well as I do.

I am very happy to follow up these discussions with the hon. and learned Member for Redcar, colleagues of all parties and Law Officers, but one of the ways that we could pull together much of the very good work being done around the country area by area, town by town and city by city, is by having somewhere that is accommodating, accepting and not intimidating and is competent to deal with any matters concerning criminality against women. I am not being tokenist about the matter in any way: I do not suggest that we go down a road where we have six other species of place, such as centres only for black people or for young people. It is a women's issue in particular. They are the majority of the population and we ought to accommodate that.

I shall be very happy to hear an initial, considered response from Ministers as to where that approach might have been tried or piloted elsewhere in the country. I know that it is done in other countries, and that there is some evidence of success. It might be that at the beginning of the system we should grant more people a realistic opportunity to make a considered judgment as to whether they want to proceed, and so provide them with the protection that they feel they need in order to go through the criminal justice system.

Of course, once we get past that stage there are the other issues that affect what the hon. and learned Lady calls the attrition rate; I understand and endorse those concerns. But I did not want simply to repeat them; I wanted to make a slightly different point. I should be grateful if in due course Ministers could consider—as could we—how to make the initial doorway through which people can go to complain of offences against women much easier to access and more likely to lead to a successful outcome. My view is that we could considerably improve the number of successful complaints that are followed through if we start in the right way, and if we do that, the rest of the criminal justice process may well follow.

10.23 am

Mr. Edward Garnier (Harborough) (Con): I begin by congratulating the hon. and learned Member for Redcar (Vera Baird) on securing the debate, and I congratulate

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her on not being inhibited by a feeling that, as a Parliamentary Private Secretary in the Home Office, she should be silent on issues affecting the criminal justice system. She clearly has a high reputation in relation to this aspect of public policy; she mentioned her own pamphlet from 1999, and why should she not? If one looks through the search engines on the House of Commons website, one will find that she has been a continuous questioner of the Government on such matters since she came to Parliament. It is a matter for some congratulation that she has achieved an hour and a half's debate on the subject today.

During an intervention, I confessed that I have no experience as a member of the Bar in dealing with rape cases as a prosecutor or defence counsel. As a recorder, I am not sufficiently qualified: I have not got, as the jargon has it, my sex ticket to try serious sexual offences, including rape. The fact that I have not suggests to me that the Lord Chancellor's Department, as it used to be called, and those who arrange the way in which criminal judges try cases of this sort, have thought about the matter quite carefully. They require judges—the hon. and learned Lady implied this even if she did not say so expressly—to have specialist training in this area of the law before they are allowed to try such cases because they involve huge sensitivities.

By mentioning emotional trauma, I am by no means diminishing the physical injuries and trauma that a complainant will suffer. In parentheses, I add that it is understandable that many women who are attacked in this hideous way are not strong enough or confident enough to report it straight away and sometimes leave it for days, weeks or in some cases, particularly in relation to child abuse, for some years before bringing it to the attention of the authorities or even their parents. The emotional trauma that a complainant has to suffer in bringing a case, from the first reporting of it, is enormous. It affects those women's families and in many ways it wholly ruins their lives.

However, balanced against that, those of us who have the responsibility of making law and those who have the responsibility of applying the law—judges and others who have the duty of ensuring fairness in such cases—also have to consider the effect on the accused. Although it is sometimes difficult to believe, and it is not always attractive to say such things, those accused have rights, as complainants do. Although I fully endorse much of what the hon. and learned Member for Redcar had to say on this very difficult subject, we should be mindful when we are discussing changes in the criminal law and procedure not to forget the rights of the defendant, particularly in cases involving sexual assault and rape, because in such cases the defendant's reputation, whether he is acquitted justly or improperly, is likely to be tarnished for ever as a result of being connected with such allegations.

Clearly, all criminal defendants who are justly acquitted have some loss of reputation as a consequence of that process. Public policy says that the acquittal is the immediate answer to that concern. I think it is fair to say that an acquittal in a rape case does not always lead to that remedial effect.

The Solicitor-General: The hon. and learned Gentleman is of course right that we need to strike a balance in any court proceedings. Defendants have rights and it is correct that those should be respected. However, when we are dealing with a conviction rate of just under 6 per cent., it is clear that the rights of the defendant are already being respected to a considerable extent. The problem is that the rights of the victim all too often seem to be going by the board.

Mr. Garnier: That is a perfectly reasonable comment to make on the figures presented to us by the hon. and learned Member for Redcar. If the balance is in the wrong place, we do not have a balance. It seems to me that all of us who have discussed the matter today, apart from the hon. Member for Amber Valley (Judy Mallaber) and my hon. Friend the Member for Isle of Wight (Mr. Turner), who are no longer present, are lawyers of one sort or another. It is difficult on these occasions to remember that we are also citizens, we represent members of the public and we have families who are not lawyers and do not necessarily treat such subjects in the desiccated way that we might in a legal seminar or continuous development course—which we are now required to go on if we wish to remain as practising lawyers.

I do not want to have an argument with the Solicitor-General. I agree with him. I do not want to have an argument with the hon. and learned Lady either. It is important that she has presented to us information about which the public ought to know more. It is not widely known, and it is certainly rarely reported widely in the media. If anybody reads the *Hansard* record of this debate, we can all congratulate ourselves on disseminating to a wider audience a bit more knowledge about a rather esoteric legal subject.

Taking into account all that the hon. and learned Lady said, we must bear it in mind that as public policy makers and law makers, we are in the business of providing justice, and certainly justice for complainants. It is clear from what she said that in reality, many complainants do not get justice. One need only consider the five reasons that she mentioned for the drop-out rate—the attrition rate, as she called it. The individual does not complain at all; they withdraw or do not pursue a complaint at an early stage; the complaint is discouraged because there is insufficient evidence, there is no identified defendant or accused, or there is no reliable prospect of prosecution; there is something wrong with the way in which the Crown Prosecution Service decides to progress cases, which, to be fair to the CPS, the hon. and learned Lady said formed the smallest cohort of cases; and finally, the individual is deterred by the prospect and actuality of trial.

All five matters are inhibiting factors that, in one way or another, prevent complainants from getting justice. We must be acutely aware of that. However, as I said, we must be acutely aware of balancing those concerns with concerns for those who are accused of these hideous crimes. I want to build in the public a sense that justice is being done as a consequence of what Parliament, the courts, the police, the CPS and all other agencies do between the offence and acquittal or sentencing. We must not forget that a just acquittal either on the direction of the judge or following a verdict from a jury on the facts is not a "failure" any more than a conviction

is a "success". Justice cannot be measured in those terms; it should be wholly disinterested—albeit that for the people involved in the case, the individual who has been assaulted, her family, the defendant and his family, it is almost impossible to come to terms with the situation. For them, it is a personal attack of the most hideous nature either on their bodies or, if they are the falsely accused defendant, on their reputation and possibly their career.

The hon. and learned Member for Redcar highlighted an extremely difficult issue. She presented her argument calmly and rationally, on which I congratulate her. I hope that I do not sound patronising. It is always difficult to deal with such issues in a public forum in a way that does not attract criticism for being too much on one side of the argument and too ignorant of the interests, rights and arguments of the other side. She managed to deal with this issue utterly properly.

I am not in a position to comment on why the acquittal rates in particular parts of the country are too high. It is interesting that the neighbouring county to mine, Northamptonshire, is one of the "better" counties for convictions, with a rate of 13.4 per cent. of cases tried. I could not hear whether it was Southampton or Southwark—

Vera Baird: Suffolk.

Mr. Garnier: I have no idea why Suffolk managed only a 1.6 per cent. conviction rate compared with the hon. and learned Lady's area of Cleveland, which had a rate of 7.76 per cent.

I shall finish with what I hope is not a light-hearted anecdote. It certainly was not a light-hearted moment at the time. It relates to the north-east. In 2000 when I was the shadow Attorney-General, I was able to carry on my private practice, being instructed to appear for a complainant in a defamation action at the Crown court in Newcastle upon Tyne, one river north of Redcar. My client was suing for slander, which was reduced to libel, over an allegation of serious sexual assault in the workplace which, by the time the complaint had been developed through the company's personnel department, had taken written form on the pleadings in the action and had gone to trial, had been magnified from inappropriate sexual conduct in the staff restroom to the most hideous and disgusting rape. I shall not go into details, because it is simply not necessary.

The matter was tried before a jury of eight women and four men, with a male judge, myself a male barrister with a male junior, and a male defence counsel opposing us and acting for the woman who had made the accusation. The trial lasted two weeks, and it is the nearest that I have ever been to a rape trial. The jury, which as I said included eight women, were utterly disbelieving of the woman's account. At times, when I was watching the jury listening to the woman giving evidence, they were mouthing, "This is a pack of lies." They awarded the complainant in excess of £200,000. He could never recover it, of course, because the defendant did not have that sort of money.

If we present cases properly, if rape victims are taken through the hideous reporting process right the way to trial in the careful way that the hon. and learned Lady said was necessary to preserve the complaint and reduce the drop-out rate and high attrition rate, if the preparatory stages of the case are properly managed by the prosecuting authorities once the arrest and charge have been made, and if the trial judge is acutely sensitive of the issues—by and large they are—we have a greater expectation of achieving justice, not only in the disinterested sense, but in the personal, competition sense and in the necessary personal protection sense that the individuals in the case and the wider public require of our justice system.

That process is not impossible. It is difficult and it requires effort and resources, although it may require not more resources but simply the re-focusing of existing ones. It requires also determination within the prosecuting authorities, particularly within the police, although the modern police have changed considerably from the, "Well, she was wearing a short skirt so she deserved it" caricature, about which we so often hear.

There must be an understanding, which I think is growing, that becoming involved in such police work is not a Cinderella exercise. It is highly important, and it is essential for the civilisation of a country such as ours and for the greater confidence of those who—for whatever reason—sadly become involved in rape cases. I shall listen with great interest to what the Solicitor-General has to say.

10.40 am

The Solicitor-General (Mr. Mike O'Brien): It is a pleasure to appear before you, Mr. Olner. I congratulate my hon. and learned Friend the Member for Redcar (Vera Baird) not only on her success in securing the debate, but on her work over a considerable time in ensuring that issues relating to rape are put on the public agenda and addressed. I also pay tribute to my predecessor as Solicitor-General, who is now my right hon. and learned Friend the Minister of State, Department for Constitutional Affairs. She helped to take through Parliament the Sexual Offences Act 2003, which significantly improved the law relating to rape.

Too many rapists are getting away with it, and some of them are repeat rapists. Parliament has strengthened the law on rape and the Government are taking steps to provide more help and support to victims. However, changing the law is not the only issue; we also need to change some people's attitude to rape. The "What did she expect, dressed like that?" mindset must be challenged. People should know that there is an absolute right to say no. That is partly why last week the Government initiated a public campaign emphasising that people have a right to say no.

Rape is an appalling crime that devastates the lives of victims and their families. However, rape will always be a difficult offence to prosecute and there is no sense in pretending otherwise. Most rapes are perpetrated by someone known to the victim. Often there is no independent witness, because of the nature of rape—it tends to happen when only two people are present—and often no forensic evidence is available. Particularly given the growth of DNA technology, we need to use the new opportunities that are available to ensure that forensic evidence is collected.

Like my hon. and learned Friend, I was struck by the Home Office report entitled "A Gap or a Chasm? Attrition in reported rape cases". It is clear that in some

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areas the police have not always sought to bring forward DNA evidence. It is important that we ensure that all police forces adopt best practice. I will bring to the attention of the Under-Secretary of State for the Home Department, my hon. Friend the Member for Wythenshawe and Sale, East (Paul Goggins), who deals with policing, the fact that we need to ensure that that happens. We need to get right the collection of evidence and the investigation, ensure that the Crown Prosecution Service takes the correct decision on prosecution and, as the hon. and learned Member for Harborough (Mr. Garnier) said, ensure that we have judges who are sensitive. Getting all those things right is the best way to ensure justice in rape cases.

Conviction rates in rape cases remain unacceptably low, with fewer than 6 per cent. of recorded rapes resulting in a conviction. Nevertheless, reporting rates are rising, which is a positive factor. In addition, the number of convictions for rape of a female rose in 2004. Of the 741 people tried at the Crown court for rape of a female in 2004—up from 666 in 2003—28 per cent. were convicted. That is a rise of 4 per cent. from the position in 2003.

In Cleveland in 2004, there were 129 reported rapes, 26 prosecutions and 10 convictions. The rate of conviction is still very low. I have explained partly why that is the case. We need to ensure that we deal with the factors involved. The Government have made a significant number of changes to the law on rape, but research shows that a victim's needs in the aftermath of rape are significant and wide ranging and failure to address those immediate and ongoing needs can have long-lasting implications for the victim's emotional well-being, mental and sexual health and relationships, creating a significant cost for society as a whole and for the health service, as well as for the individuals and their families.

Home Office research published last summer attempted to quantify the costs of sexual violence. There is the cost to the individual and their family in emotional terms, which can be harrowing enough, but the cost to society of each rape is estimated at £76,000. That figure covers all the various costs that society has to pay for one instance of this appalling crime. The research found that sexual offences, rather than just rape itself, account for approximately 23 per cent. of the cost of crime to households in England and Wales.

Sexual violence is sometimes dismissed as a crime that affects a very small minority of people, and a reading of the recorded crime statistics gives the impression that that might be the case. The number of recorded rapes is increasing year on year, but the total figure—14,002 in 2004–05—is still much smaller than the figures for many other violent crimes. However, the British crime survey indicates that the actual number of rapes is much higher than that. The 2001 interpersonal violence module estimated that there were 190,000 incidents of serious sexual assault against women, including 80,000 incidents of rape or attempted rape, in the year leading up to the research. It also estimated—we sometimes forget this issue in discussions such as this—that 0.2 per cent. of men had been subjected to sexual assault in the previous year. There is at least anecdotal evidence that rape of men is an increasing problem. We need to deal with that, which is why some of the Home Office's recent advertisement campaigns have involved gay magazines. It is right that that is the case.

Sexual violence can affect men and women of all backgrounds, regardless of age, race and religion. Certain groups, such as people with learning disabilities and people who work in prostitution, can be particularly vulnerable.

The Government have made a series of changes, but we are determined to do more to tackle the barriers to the successful prosecution of rape, while not tampering with the burden of proof. We can do things around the edges of the burden of proof without changing that fundamental core. I hope that we will be able to do many things in this respect in the coming months and years. I shall issue a consultation paper setting out some proposals shortly.

It is worth delineating a few of the changes that we have made. We have introduced specialist rape prosecutors in every CPS area; there are now 520 of them. We have overhauled the law on sexual offences through the Sexual Offences Act 2003 and previous legislation. That includes clarifying the law on consent to ensure that we give better protection to potential rape victims. Special measures are now available to enable victims to give evidence behind a screen or by televised link, which perhaps makes the experience of giving evidence in court, which will always be very difficult, somewhat less traumatic. We have limited the circumstances in which a victim's previous sexual history is admissible in court. I shall return in a moment to the point on section 41 made by my hon. and learned Friend the Member for Redcar. We have clarified and expanded the circumstances in which evidence of the defendant's bad character is admissible in court. That is particularly relevant when the bad character involves issues that are very similar to the offences of which he is accused.

We have worked with the Association of Chief Police Officers on producing guidance for the police on the investigation of serious sexual offences, and we are now working on developing training for the police. Through the "No witness, no justice" programme, we have introduced witness care units to keep victims informed of case progress and to provide information about support services. We have invested £4 million over the years from 2004 to 2006 in developing sexual assault referral centres—SARCs—and voluntary sector services for victims of sexual offences. We have funded the production of a handbook to help rape victims by explaining how the criminal justice process works—something that many of them fear.

My hon. and learned Friend referred to the research study, "A Gap or a Chasm? Attrition in reported rape cases", and it is worth emphasising that it was Home Office research. It was published in 2005 and I understand that the data that it reported were collected between October 2000 and 31 December 2002. A large part of the data arose before the changes that we have brought about, particularly since 2003. One of the biggest changes was the introduction of charging, which began in 2004 and is being rolled out throughout the country. It has not yet reached my area in Warwickshire, so it has not been fully introduced, but it will bring a significant change in the way in which rape cases in particular are dealt with.

Vera Baird: I am cheered and glad to be corrected that the data predate the charging change, which has come to Cleveland. The CPS's leverage is important. It can, for example, tell the police to go back and look at something again and to investigate more thoroughly. That is how it has been used and I am pleased that I was wrong.

The Solicitor-General: I was not going to point that out.

The charging change is important. A specialist rape prosecutor who has been specially trained looks at the case and advises the police on how they can ensure that all the evidence is brought forward and that a full file is ready for a judgment to be made on whether there is a realistic prospect of the prosecution securing a conviction. We hope that as a result, cases that are prosecuted will be more likely to succeed. That remains to be seen as the statistics are rolled out during the next couple of years, but we hope that there will be a significant increase in the success rate of prosecutions.

We need to recognise that there are disparities between various areas. My hon. and learned Friend mentioned Suffolk and Northampton. I hope that those disparities will be addressed to some extent by the standard training given to specialist rape prosecutors who work with the CPS. That will enable them to work to standards that are broadly the same throughout the country, which should enable judgments on whether a case should be prosecuted to be broadly standard and even out some of the discrepancies. However, that does not mean that my hon. and learned Friend is wrong to suggest that there are other areas where we need to improve, particularly the investigation of some rape cases. Some areas are better than others and we need to ensure that we have appropriate standards and best practice in all areas.

Progress in making some of the changes has been important. There are some key challenges on which we must focus. It is important that the police are adequately resourced and trained, that we have high-quality rape investigation and that barristers work closely with CPS lawyers to ensure that we get convictions. I am pleased to say that the CPS has recently agreed with the Bar Council that all barristers who prosecute rape cases should have special training accredited by the CPS. That is an important change, in that not only will specialist lawyers make the judgment about the initial prosecution—the charging—but when the case comes to court the prosecuting barrister will also be specially trained to ensure that they know how a case should be properly handled.

We have reached agreement that barristers, who previously tended not to talk to witnesses and victims before a trial, will now do so in appropriate circumstances to ensure that a judgment can be made about the case and that some of the questions that need to be asked can be answered. I hope that those changes will be useful and important in the coming months and years.

My hon. and learned Friend raised a series of other issues. First, she referred to police attitudes, which are sometimes dismissive. The police have introduced training, some of which was led by the Metropolitan police who have undertaken substantial work on how to ensure that rape cases and sexual offences are better prosecuted. We are now developing a cadre of specialist officers who are better able to deal with such matters. As the hon. Member for North Southwark and Bermondsey (Simon Hughes) said, there are only four units of sexual offence liaison officers, but there are many more sexual offence liaison officers who are not in units. Whether a special unit is established depends to some extent on the number of cases in an area and some forces may not need to establish one because, thankfully, numbers are much lower, but they will still have a sexual offence liaison officer who will be able to deal with cases.

The key change is the introduction of SARCs; there are now 14 of them. We need to focus our attention on such areas.

My hon. and learned Friend the Member for Redcar referred to a judge who said that a key issue was to improve the way in which investigations are carried out. I certainly agree with him or her on that. I also agree that corroboration is important, which is why we must ensure that we have adequate forensic facilities.

My hon. and learned Friend also referred to section 41 of the Youth Justice and Criminal Evidence Act 1999 and the fact that there are still too many cases in which previous sexual history is given. I have a great deal of sympathy with her point and will consider the issue further to see whether there is more work that we can do. Changes to rule 36—giving prior notice—will improve the situation somewhat, but there are other ways in which we can improve the legislation and I hope that we will be able to look at some of those.

My hon. and learned Friend suggested that we consider domestic violence courts and whether specialist courts might be helpful. We are developing a formulation with specialist police officers, specialist prosecutors and specialist barristers in court and we should see how that approach develops, but I am not dismissing my hon. and learned Friend's suggestion. I had a look at the South African model, which has much to recommend it, but I want to see how the data develop before we start to advocate it.

The hon. Member for North Southwark and Bermondsey raised a number of points. I agree that there should be more women judges and magistrates. The Government are seeking to increase numbers.

There is a two-stage process under way for the audit of the rape action plan. The first stage—a stocktake of progress and implementation of the rape action plan—took place in the summer and was based on self-report surveys. We found some excellent good practice, but we need to do more to ensure that that is replicated in all areas and a follow-up thematic inspection will report this summer. We look forward to the recommendations that will inform the new sexual violence action plan. I hope that we shall be able to ensure that we make improvements as a result of that. The hon. Gentleman also asked about variations between different attitudes and statistical differences between areas. To some extent, our standard training for rape prosecutors will address those issues.

I want to ensure that we have a better success rate in getting rapists off the street and into prison where they should be. I want to ensure that victims are better treated by the criminal justice system and that the Government's record on tackling these issues is at the top of the agenda.

Tuberculosis (Developing World)

11 am

John Barrett (Edinburgh, West) (LD): It is a delight to introduce this debate today, as world tuberculosis day is later this week. People throughout the world will be encouraged to think about this devastating disease, which many thought was in the past, but which is raging throughout the world.

We can take a snapshot of the position in, for instance, Africa. Africa has 11 per cent. of the world's population, but it accounts for more than a quarter of the global TB burden. Since 1990, TB rates have doubled in Africa overall and tripled in areas with high levels of HIV infection. In Botswana, more than 70 per cent. of TB patients are also infected with HIV. Those statistics are truly sobering.

Africa may be on the front line of the global fight against TB, but Asia has the highest TB burden in the world, largely due to its massive population. India is home to just under 2 million TB sufferers, and while often we think of TB as a disease of the developing world—today's debate is focused on the developing world—closer to home, 67,000 Europeans have lost their lives to it.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Gentleman mentions outbreaks and the incidence in Europe. Indeed, TB is starting to emerge in a worrying way in my home city of Leicester. Perhaps he was about to deal with this, but does he agree that in an era of international trade, travel and migration, TB control is not confined to the countries and continents where it is becoming rife? We have a direct interest—not just moral, but social and economic—in driving it back to its position 40 years ago, when we thought we had virtually eradicated it.

John Barrett: I could not agree more. There have been several isolated outbreaks in this country, in the hon. Gentleman's constituency and in Aberdeenshire, but, more generally, there is a higher incidence in cities such as London. Increased global travel is certainly one of the causes.

People think about whether the issue directly affects them: they are aware that people from the UK travel abroad to the nearer parts of eastern Europe, but large numbers also travel on ever more direct flights to countries with a high HIV incidence. The hon. Gentleman's point is well made.

I was about to touch on an area relatively closer to home: the former Soviet Union has been hit badly by the disease and it has the second-lowest treatment success rate in the world—only marginally better than that of Africa. The collapse of the Soviet Union left many countries in the region with weak health care systems and particularly poor diagnostic facilities. The real problem is multi-drug-resistant TB, which is more expensive to treat and a particular problem in the Baltic states.

TB does not respect national boundaries or international treaties, and I would like to explain the problem in some detail. TB is the leading form of death from a curable infectious disease. Globally, it is second only to HIV/AIDS as a cause of illness and death, infecting 9 million people every year and killing 2 million. Nearly all those people are in the developing world.

What is more shocking, however, is the fact that the illness is entirely preventable and curable. That is why today's debate is so important. With world TB day on 24 March almost upon us, we must do all we can to highlight the need to get to grips with and eradicate the disease, which continues to claim a life every 15 seconds.

About two weeks ago, I was pleased to host an exhibition in the Upper Waiting Hall in this place. I hope that many Members took the time to look at it. The exhibition comprised a collection of photographs by Gary Hampton, a renowned TB photographer, of TB sufferers throughout the world, including in India, Africa, Europe and South America. The message was simple: TB is current, dangerous and on the increase in many parts of the world, but, despite the scale of the problem, we have the means to cure it completely.

About 80 per cent. of the individuals newly diagnosed with the disease each year live in the 22 most populous countries.

Andrew George (St. Ives) (LD): My hon. Friend makes a strong case for the Government and the international community paying close attention to the serious problems of TB, particularly in developing countries. Does he agree that although the media in the west seem to be in a blind panic about avian influenza—which, while not wishing to diminish the deaths, has killed only 90 people—the preventable deaths of 2 million people should grab the attention of the world and of Governments who can make a big impression on this mass killer?

John Barrett: I agree with my hon. Friend absolutely. One problem is that the media are always looking for something new, and TB is not new. It has been around for generations, and many people in this country think of it as something from the past. It is not deemed to be a politically sexy story, but people continue to die. The scale of the problem is massive: 5,000 people die of TB each day. If we were to think that a disaster on the scale of that at the World Trade Centre—about 3,000 people died in that attack—was happening daily, what resources would we be prepared to put into dealing with it?

TB has existed for a long time, and many people have played a part in the fight against it. I shall mention just a few. One who deserves particular praise is Edinburgh's own TB pioneer, Sir John Crofton, whom I met some time ago. He demonstrated more than 50 years ago that TB was curable, and his work led directly to a massive decline in TB cases. Sir John was recently awarded the Union medal, which is the highest honour awarded by the International Union Against Tuberculosis and Lung Disease. I am sure that all who are aware of Sir John's remarkable achievements will agree that he is a more than worthy recipient. I was delighted to table an early-day motion before Christmas to congratulate him on his latest accolade, and I have been touched by the support it received and the contact I have had with people throughout the country who thank Sir John for playing his part in the fight against TB.

The Department for International Development has done much excellent work for many years. I praise the Minister, the Secretary of State and previous Secretaries

of State for playing their part and continuing to fund worthwhile projects in several countries even though the issue has not always been at the top of the news agenda.

On a visit with the International Development Committee, I saw at first hand the work that has been done in Andhra Pradesh in India, and in Kenya, Malawi and Mozambique. The Department's absolute commitment for the long term involves considerable financial cost. The DFID paper produced in December 2005 lists sums committed in the fight against TB: £8.5 million in Mozambique, £7.5 million in Malawi and £20 million in Andhra Pradesh. I have seen some of the excellent work that is being done by the Department's staff in conjunction with local partners, and I cannot praise it highly enough.

Several groups and organisations are involved. TB Alert produces easy-to-access literature to ensure that people in this country know the basics about TB and are able to find out exactly how they can detect infection and what preventive measures should be taken if they are travelling to a high-risk area. Individuals play an enormous part in the fight against TB, none more so than Bill Gates of the Bill and Melinda Gates Foundation, which has pledged more than $900 million over the next 10 years towards tackling the disease. I shall come back to that.

There are also a number of advocacy groups, including Results, which deserves particular praise for its work on the issue—especially its lobbying of hon. Members. Two members of its staff, Sheila Davie and Louise Holly, deserve a special mention for having contacted several Members from all parties to keep the fight against TB high on the agenda.

As I said, however, the scale of the problem is truly massive. TB is curable, and we have to ask why the problem has not been dealt with. Up to 60 per cent. of TB cases can be detected using existing diagnostic measures, and nearly all of them can be cured using existing treatment methods, so what are the obstacles? One of the first that we need to overcome is the perception that TB is a disease of our grandparents' generation. TB is not a disease of the past, and I mentioned the sobering statistic that 5,000 people die from TB every day, which certainly concentrates the mind.

As recently as 1993, the World Health Organisation declared TB a global health emergency, and when we look at the figures, it is difficult to disagree. Incredibly, it is estimated that a third of the world's population, or nearly 2 billion people, are infected with TB and that 5 to 10 per cent. of them will deliver the active disease.

When I mentioned this debate to my hon. Friend the Member for Mid-Dorset and North Poole (Annette Brooke), she said that she was unable to attend, but that she had been a TB sufferer as a young child. More than 50 years after the introduction of effective treatments for TB, the disease remains unconquered. Indeed, in many developing countries—particularly those stricken with HIV/AIDS—the disease remains dangerously unstable.

Moreover, although TB predominantly affects developing countries, as the title of the debate suggests, it is worth remembering that TB is making a comeback in western Europe. Indeed, as the hon. Member for North-West Leicestershire (David Taylor) said, the number of TB cases in England has increased by 25 per cent. over the past 10 years and continues to increase. About 7,000 new cases are reported each year, most in London. Although multi-drug regimes are available and cure 95 per cent. of patients with active drug-sensitive TB, newer and better drugs are needed because of poor compliance with the six-month treatment regime.

Andrew George: My hon. Friend knows that I share his interest in this subject, because we visited Kenya with Results last September to look at TB projects. Does he not accept, however, that the treatment regimes are pretty robust, at least in the UK, and that the vast majority of patients will survive if they stick to those regimes? Surely the problem is in the developing world, where multi-drug-resistant TB is developing and the bacillus is getting stronger because people do not stick to the regimes. A particular concentration of effort is clearly needed.

John Barrett: What my hon. Friend says is true for several reasons. Not only has the medical battle been fought and largely won in this country, but TB is very much a disease of poverty, and poverty is most clearly associated with the developing world.

I was astounded at the poverty that exists to this day in places such as Kibera—the massive slum on the outskirts of Nairobi—and the general public can see that poverty if they go to see "The Constant Gardner", which is on in cinemas as we speak. The vast majority of people in that slum have no supply of drinking water or sanitation and they live in cramped accommodation with no adequate ventilation—perfect circumstances for TB to thrive in.

In this country, we have managed to ensure that people have clean drinking water supplies and sanitation, but we have also managed almost to eradicate poverty. Poverty is why TB is such a problem throughout the developing world. Whether we are talking about drug-resistant TB or one of the traditional forms of TB, the disease is closely associated with poverty.

We must seek to alleviate poverty through the millennium development goals and other means of raising people's standard of living. We must improve how people live and the quality of their accommodation to ensure that individuals with TB do not live in cramped conditions, because that would mean the rest of their family, their neighbours and their friends being far more likely to contract the disease. Therefore, I entirely agree with my hon. Friend the Member for St. Ives (Andrew George).

There has been progress, however, and there is hope. Despite the scale and severity of the problems, Marcos Espinal, executive secretary of the Stop TB Partnership, has said that

"we have the possibility to finally beat TB over the coming decades."

Indeed, over the next 50 years, the aim must be to eradicate TB as a global health problem. In 1991, the World Health Assembly set a target of detecting 70 per cent. of all infectious cases of TB and curing 85 per cent. of those detected by 2005. Those targets were undoubtedly achievable, but they have not been met. Some 80 per cent. of known cases are successfully treated, but only 45 per cent. of cases are detected.

David Taylor: The hon. Gentleman refers to the targets that have been set. How confident is he that the

[David Taylor]

unlikely alliance of the Chancellor of the Exchequer and Bill Gates—a commitment to double the £1.2 billion global spend on TB was announced at Davos earlier this year—will halve the number of deaths to which the hon. Gentleman referred? Past targets have proved difficult and illusive, have they not? Is he confident that the new target will drive down the number of deaths in the way the Chancellor and Mr. Gates anticipate?

John Barrett: I am optimistic about the commitments that Bill Gates and the Chancellor have made, and I look forward to the international dimension of tomorrow's Budget being given as much importance as the domestic agenda, but I am pessimistic about the end results. Large amounts of resources have been poured in, but we have not dealt with the combination of factors that have built up the environment in which TB thrives.

Although the resources have gone in, we have seen first hand how many countries have suffered from famine and drought—factors outwith donors' control. In addition, there is still conflict in some countries, and other factors mean that TB is a difficult nut to crack, even though the resources have increased. As I said, I want to ensure that donors, funders and organisations working on TB make the necessary commitment in the developing world, and I can hope for the best, but time will tell how successful we are.

As was suggested earlier, we need a plan for the long term and a commitment to see the issue through beyond national elections, G8 summits and Davos. The Chancellor said:

"If 2005 was the year of commitment then 2006 must be the year of delivery".

Although I wholeheartedly support those sentiments, it will take more than a year. We are all in this fight for the long haul. Tomorrow's Budget is the ideal opportunity for the Chancellor to confirm that the commitment to further spending will be high up the agenda.

At the beginning of the 21st century, TB has been declared a full-blown global emergency, and a global emergency requires a global plan of action. Thankfully, we have one in place. The Stop TB Partnership provides a platform for international organisations, countries, donors and governmental and non-governmental organisations. It recently launched its new stop TB strategy whose objectives are to achieve universal access to high-quality diagnosis and patient-centred treatment; reduce the human and socio-economic suffering caused by TB; protect the most vulnerable groups from TB, HIV and multi-drug-resistant TB; and support the development of new tools in the fight against TB.

The components of that strategy include the high-quality expansion of DOTS—the directly observed therapy short-course scheme—which is often used in the fight against TB and which, I am glad to see, has been successful. The strategy must be collaborative to meet the challenges of TB and HIV control, along with multi-drug-resistant TB.

We must help to strengthen health systems—I am aware that DFID has been involved in that work as well. We must engage aid providers and agree international standards for TB care while empowering those with TB and those communities that are badly affected by the disease. We must also help to promote and sustain research. The global plan, finalised just two months ago, aims to break the back of the global TB epidemic and to eliminate it as a global problem by 2015.

David Taylor: The hon. Gentleman is most generous in giving way once more. He mentioned research, but one difficulty is that there is no significant commercial market in developing countries for drugs that tackle the diseases of poverty. Does he hope that the Minister will refer to the possibility of pharmaceutical companies lowering the prices of their drugs that are designed to tackle the diseases of poverty, of which TB is but one?

John Barrett: As I mentioned, the film "The Constant Gardener", which many members of the public have seen, deals with the issue of the price that drugs companies charge to deliver effective treatment. Clearly there is not money to be made in the commercial world by supplying very poor people with drugs that will save their lives. We await the Minister's reply on that. It is in all our interests—not just morally, but economically—to help the poor nations of this world, which are often the sub-Saharan nations, to improve their economic growth and start trading their way out of poverty. They will benefit financially and we will also benefit.

Andrew George: I am sure that my hon. Friend accepts, however, the need for early intervention and proper treatment before the TB bacilli become multi-drug-resistant. If patients are caught early enough and the treatment is followed through fully, it costs only $10 to cure someone and prevent a death. Surely that is $10 extremely well spent.

John Barrett: My hon. Friend is one step ahead of me. I was aware that he was a keynote speaker at the launch of the global plan. Without a doubt, few things are better value for money than $10 that can save a person's life. As he said, one problem is that successful treatment can be started, but if it is not maintained for the full six months of therapy, patients might feel better and stop taking the drugs, which might allow drug-resistant TB to develop.

In certain areas, drugs are not available or people have to pay, and in countries of extreme poverty paying for drugs can often be the barrier between life and death. That is why I am pleased that some of the many projects funded by DFID ensure that drugs are freely available and that cost is not an issue. Access and maintaining the course for six months might be issues, but the cost of treatment is not in many countries.

The global plan for 2002–15 builds on the partnership's first global plan for 2001–05. It supports the need for long-term planning and for action at regional and country levels. The plan provides a consensual view of what the Stop TB Partnership can achieve by 2015, provided that we mobilise the resources to implement the stop TB strategy, according to the steps laid out in the global plan.

The global plan will help to stimulate political commitment, financial support, effective intervention, patients' involvement, community participation, and research and development. All those will be central planks of the overall strategy to tackle TB.

The cost of the global plan is $56 billion, which represents a threefold increase in funding as compared with the first global plan. Although that is a significant increase, any doubts that anyone might have should be dashed when we consider what we get for that $56 billion. The estimated funding gap is $31 billion, which must be met because the rewards are high. Full funding would save 14 million lives at a cost per life saved of $157, which is much less than the average economic productivity per person per year, even for the poorest individuals.

Even under such a crude economic calculation, the economic benefits far outweigh the costs. When we consider the amount of money spent post-9/11, this is a small price to pay. If averaged out, it is $5.6 billion a year, which is what the US spends in Iraq every month. The figure is three days' global military spending and the amount spent each month is estimated at $58 million—more than the total 10-year cost of the global plan.

What will be achieved if we implement the global plan? Implementation of the stop TB strategy will expand access for all to quality TB diagnosis and treatment. About 50 million people will be treated under the strategy and 14 million lives will be saved. The first new TB drug for 40 years could be introduced in 2010, with vastly improved diagnosis.

By 2015, we will have a new, safe, effective and affordable vaccine available if all goes according to plan. Targets could be met, such as the global achievement of the millennium development goal to halt and begin to reverse the incidence of TB, and the TB partnership's 2015 targets to halve prevalence and death rates from 1990 levels.

What else can we all do, in the House and elsewhere? As I mentioned, the exhibition in the Upper Waiting Hall was one small attempt to raise awareness while today's debate will generate coverage, interest and column inches. Those interested will be able to follow it and know that hon. Members are facing up to the problem. TB is not a disease of the past, and we must remind people of that.

The decline in the incidence of TB in the developed world has been accompanied by a fall in the commercial incentive to develop and invest in new anti-TB drugs. The DOTS programme has revolutionised the treatment of TB across the world, but it is 50 years since its introduction, and treatment and detection rates have remained constant since 1995—still far below the rates and targets set out in the MDGs. To contain the disease properly, new drugs and vaccines are needed to tackle multi-drug-resistant TB. Despite the undoubted success of the DOTS expansion, most countries look unlikely to meet the MDGs for TB by 2015. Further innovation is crucial if, ultimately, we are to tackle TB.

The non-profit organisation Global Alliance for TB Drug Development, which is supported by the Bill and Melinda Gates Foundation and the Rockefeller Foundation, has brought badly needed new focus and leadership for drug development. In the short term, six new drug candidates for TB are now undergoing clinical trials. Indeed, Bill Gates has already pledged $900 million over the next 10 years towards tackling the disease.

However, action from above must be matched by renewed and improved action on the ground—the front line of the battle against TB. The DOTS strategy has helped not only to cure millions of people worldwide, but to strengthen public health care capacities. Indeed, it has been argued that the greatest legacy of DOTS to the overall health of developing countries might be not in control of TB alone, but in helping to build the basic infrastructure of a public health system. For example, in India, where the public health system is weak, more than 422,000 health workers have been trained during the expansion of DOTS. DOTS plus is the first step in moving beyond DOTS.

We must also be aware of the problems of HIV that are associated with TB. Although originally they were largely considered separate diseases, co-ordinated planning and implementation of TB and HIV programmes will lead to more effective prevention and treatment of TB among patients infected with HIV/AIDS. In countries with high levels of AIDS, the scale of the challenge posed by TB simply exceeds control capacities. As a result, DOTS, or any other programme focusing on one disease, will always fall short. TB symptoms are often the reason for accessing the health care system.

Andrew George: My hon. Friend makes an extremely strong case for giving the challenge of the global plan up to 2015 a much higher priority. Given that TB killed more people than all the wars, earthquakes, floods, armies, air accidents, terrorist attacks and murders worldwide last year, and following on from his comparison between the money needed for the global plan and military spend, does he believe that Ministers should use that comparison and take a fraction of the defence budget, for example, to fund the global plan? Should we not use such rhetoric to up the ante and get the plan the priority that it deserves?

John Barrett: My hon. Friend knows exactly where I stand on that. I have never thought that the amount spent in Iraq is particularly good value for money. The amount of money spent on—

Mr. Bill Olner (in the Chair): Order. I think that the hon. Gentleman is straying way off the point.

John Barrett: I stand corrected Mr. Olner. I may have been inadvertently led into that by my hon. Friend.

I shall draw my remarks to a conclusion. Our efforts need not be focused on simply managing this disease. TB can be cured and consigned to the history books within the next 50 years if we are determined to tackle it in other countries the way that we have tackled it here. The fight against TB must be a marathon, not a sprint. It requires sustained action and attention from the international community. Just as the DOTS treatment is effective only if patients follow the full course of treatment, we will fulfil the aims of the global plan only by committing to it for the long haul.

I look forward to hearing from the Minister and hope that the Government also confirm that they will continue to play their part in the battle against TB.

11.32 am

Susan Kramer (Richmond Park) (LD): I did not want to interrupt your line of sight earlier by stepping forward, Mr. Olner. I thank you for the opportunity to follow my hon. Friend the Member for Edinburgh, West (John Barrett).

[Susan Kramer]

Obviously, the case has been laid out exceedingly powerfully, and I very much want to associate myself and my party with the World Health Organisation and the stop TB strategy. It is not my goal to repeat the facts and figures that have been laid out so eloquently this morning. I wanted to speak in this important debate because world TB day is an opportunity to remind all of us that no matter what medical advances we pursue in our own country and the developed world, basic diseases continue to devastate much of the globe. It is also an opportunity to recognise that the developing world pays a double penalty by being affected by poverty and disease, which so often go hand in hand.

I want to draw attention to some aspects of WHO's strategy, and to pick up on the research provided by the African Medical and Research Foundation, which works extensively in this area. Through many of its studies in Africa, the foundation draws attention to the frequent difference between what appear to be effective TB strategies at national level, and the difficulty of delivering those strategies on the ground.

Many hon. Members will be aware that many African countries, as they develop their health systems, focus on managing TB in a hospital environment, and on diagnosis and prescription. But there is comparatively little penetration and effort to tackle the disease within the communities where people live. If one considers the poverty of the individuals involved, the difficulty in accessing more sophisticated aspects of health care and the way in which the disease impacts on mothers and children and undermines entire communities, looking at the disease in a community context is typical.

I draw hon. Members' attention to AMREF's research in the eastern cape of South Africa, in the designated homelands, which is where millions of black South Africans were forcibly removed during apartheid. It is therefore one of the poorest communities in South Africa. The research showed that health personnel did not have an adequate understanding of TB management; that on the ground, locally, within the community, there were insufficient supplies of TB drugs; and that testing was slow, so it sometimes took up to two weeks to get results. The situation was made worse by the fact that TB patients did not understand prevention, the cause of the disease, or why they needed to take medication for six or eight months to eliminate the disease from their systems permanently.

As a result of that health study, approaches to the problem are changing in the eastern cape. Nurses are being trained in TB management and public transport is being provided to ensure that sputum specimens can be delivered to laboratories and back to clinics with results within 24 hours. That is completely changing the way in which that community is experiencing and tackling the disease. It falls well within the DOT—directly observed therapy—strategy that has been structured and underpinned by WHO, and which has been so effective generally in furthering TB management worldwide.

An issue that has been touched on but not developed, and is, presumably, the risk that we face most viscerally in the future, is the link between TB and HIV/AIDS. Many people will be aware that that is a growing arena for TB as a disease. We are aware that it affects the developing world powerfully, and that it is beginning to take hold in our communities.

The presence of HIV results in a high degree of multiple-drug-resistant TB. Not only do TB drugs have a tendency to be ineffective on people with HIV, but it is much harder to diagnose TB in people with HIV, especially in its early stages. That is one reason why it is crucial that research in this area does not stand still. Although there are effective therapies for the more traditional variants and versions of TB, the HIV-related strains of the disease are not well understood or managed in almost any community. It is crucial, therefore, that the funding that is necessary for new diagnostics to enable efficient testing for HIV and TB in health facilities is available to communities not only in London, but in poor and rural areas across the globe.

TB is a disease of the poor. In the era in which we live, in which we have made the commitment to make poverty history, we must, by definition, also make TB history. I highly commend what has been said today, and I look forward to hearing what the Government have to say about the support that they will give the programme. I note that when my hon. Friend the Member for Edinburgh, West asked the Minister a question on this issue recently, the Government were unable to identify how much funding goes into TB work. I wonder whether they now have a clearer idea of how that money is being used. I appreciate the opportunity to associate myself with this debate.

11.38 am

Mark Simmonds (Boston and Skegness) (Con): I start by congratulating the hon. Member for Edinburgh, West (John Barrett) on securing this important debate, particularly considering that world TB day is coming up, which he rightly highlighted. He summarised well the totality of the issues surrounding TB, and made the significant point that it is not only developing nations that suffer from TB; it affects the developed world as well, albeit, thankfully, to a significantly lesser extent. None the less, we can ensure that we constantly monitor that situation.

The hon. Gentleman is right to highlight and confront the perception that TB is a historic disease. Statistics and personal stories clearly demonstrate that that is not the case. The whole world community—both developing nations and donors—needs to ensure, both bilaterally and through multilateral institutions, that TB is at least stopped in its tracks, if not eradicated, as quickly as possible.

I also welcome the hon. Member for Richmond Park (Susan Kramer). I congratulate her on her new position and I am sure that she will enjoy the role. We look forward to significant contributions such as that which she has made today. She was right to draw attention to the disparity between national strategies in many developing nations and delivery on the ground in communities. I will say a little more about that later. The hon. Lady was also correct to draw attention to the link between HIV/AIDS and the prevalence of TB. I want to ask the Minister some questions about the cross-availability of antiretroviral drugs to enable both diseases to be eradicated.

As hon. Members will hopefully be aware, the Conservative party is supportive of much of what the Government are doing in this area. We support the

Global Fund to Fight AIDS, Tuberculosis and Malaria and we acknowledge and support the Government's commitment to double the amount of UK taxpayers' money that has gone into that fund. However, we acknowledge, as I am sure that the Minister will, that there have been problems of delivery through the global fund to date.

We support the international finance facility for immunisation and also world TB day later this month. We hope that it will raise the profile of that debilitating and dangerous disease in developing nations, not only in the traditional areas of sub-Saharan Africa but in those areas where the disease has significant and growing prevalence, such as Asia and the ex-Soviet republics, and where the problem has been ignored for far too long.

We welcome the recent announcement of £6.5 million of funding to the Global Alliance for TB Drug Development and the commitment from the Chancellor of £41.7 million to tackle TB in India. We also agree with the G8 Africa communiqué, which said that people should have

"access to basic health care (free wherever countries choose to provide this)".

Alongside the Government, we want to encourage countries to drop user fees, which limit access to health care and are a major deterrent in developing countries, particularly for those who find themselves in poverty.

Like the hon. Member for Richmond Park, I do not wish to bore the Chamber by repeating the statistics that the hon. Member for Edinburgh, West gave in his full and articulate speech. However, I would like to add two statistics that struck me, which I do not think he used. One person per second catches TB. That is a staggering statistic. Also, between 8 million and 10 million people per annum become infected with TB. The problem is not growing in a small way; it is a significant and accelerating disease, and we need to ensure that we tackle it across the international community.

As the hon. Gentleman rightly pointed out, effective treatment is inexpensive. A six-month course costs between $5 and $10, depending on which medical people one talks to. He was absolutely right to highlight the fact that TB is a totally curable disease. We need to ensure—through such debates in the UK Parliament, and in our constituencies—that we highlight the fact that the disease is not historic, but is growing and is more greatly prevalent in all parts of the world than people's perceptions would allow them to believe.

Having said that, in Africa 45 per cent. of people with infectious TB have access to life-saving treatment. However, an untreated person can infect 10 to 50 people a year, which tends to happen in the workplace and through the adult population. That can have a very debilitating impact on the economic performance of communities, giving rise to greater exacerbation rather than alleviation of poverty. The treatment of TB can take up to eight months, during which time a person is unable to work and falls deeper into poverty, as do their dependants if they are an adult. The World Bank estimates that TB costs the average patient three or four months of lost earnings, which can represent up to 30 per cent. of annual household income.

The millennium development goals made specific reference to stopping the prevalence of diseases such as TB by 2015. The international community is a significant way off that. Tackling TB will go a long way to making a significant contribution to many of the other millennium development goals, such as access to education. Fewer children will drop out of school because of infection, to care for relatives or because they do not have teachers any more because they are suffering from TB or, in particular, from HIV.

The hon. Member for Richmond Park rightly made a point about the correlation between TB and HIV/AIDS, which is one of the issues that I want to highlight today. Since 1990, overall TB rates across Africa have doubled, and they have tripled in areas with high levels of HIV. The hon. Member for Edinburgh, West mentioned the fact that in Botswana 79 per cent. of TB patients also have HIV. It is our view that there needs to be significantly better collaboration between TB and HIV programmes, as that will vastly improve the control of both diseases.

I want to ask the Minister what progress the Government and DFID have made in expanding the collaborative TB and HIV strategy. What steps is DFID taking to ensure that developing nations co-ordinate TB and HIV programmes, that those infected with HIV are screened for TB, and that those infected with TB are screened for HIV? That would ensure the provision of antiretroviral drugs to all who need them, not just those who may require them on a superficial basis.

I want to highlight three particular issues: drug development, drug resistance and drug availability. I have some questions that I hope the Minister can answer. There have been some successes. We should not think that TB is on the rampage unchecked. The most notable success has been in Vietnam, where 76 per cent. of all infectious cases in the past year have been cured. That can be done with commitment from the international community and the Governments in the respective countries.

The hon. Member for Edinburgh, West rightly highlighted that there has been no new drug for TB in the past 40 years. The Global Alliance for TB Drug Development aims to have developed a new drug by 2010, but current estimates are not optimistic. It has been estimated that there is only a 5 per cent. chance of that. The cost of producing successful drugs in that time scale is estimated at about $400 million.

As well as research on new drugs, steps must be taken towards new methods of diagnosis and vaccination. I would welcome any explanation from the Minister of exactly what progress is being made not only towards the treatment of TB but towards its prevention. There also needs to be predictable and sustainable funding, particularly to assist research and development. What steps is the Minister's Department taking to ensure predictable and effective funding flows for those research bodies, so that they can come up with new drugs and vaccinations?

Multi-drug-resistant TB has been identified in 91 countries and is widespread in many populous countries, including China, India and the former Soviet Union. What steps are the Government taking to fund the development of treatments for MDR-TB? It is

[Mark Simmonds]

clearly more challenging and requires greater on-the-ground monitoring as people become resistant to the initial programme of drugs.

The hon. Member for Richmond Park also mentioned drug availability. It is important that DFID and other relevant institutions do more to encourage the pharmaceutical industry to allow the manufacture of generic drugs for use in the developing world. The former director-general of the World Health Organisation's HIV programme suggested the designation of humanitarian corridors, which would allow leading drugs manufacturers to produce drugs at low prices for modest royalties, giving greater access to those with limited resources in developing nations. What action is the Minister taking to ensure that TB drugs can be accessed in developing nations? He will be aware that some developing nations have placed tariffs on certain health care products. Some of those tariffs have been reduced, but not sufficiently to ensure the free access of drugs in the developing nations where they are needed most.

Can the Minister also say what steps his Department is taking to ensure collaboration between all the different interest groups—public sector, private sector and non-governmental organisation initiatives? Also, what improvements in collaboration are proposed between all the interested parties in the developed world and the developing nations to ensure the maximum impact of the inevitably limited resources that can be put into controlling TB? Are TB control mechanisms included in the respective countries' poverty reduction strategies? If not, why not? And if not, I hope that they will be included in future.

It would also be helpful if the Minister explained what supportive role the Government will play in implementing the Stop TB Partnership strategy. The 58th World Health Assembly took place in 2005, where all countries made a commitment to ensure the availability of sufficient resources to achieve the millennium development goal relevant to TB, but there is currently a $31 billion funding gap. What is the Minister doing to encourage the UK Government and other countries to fulfil their international commitments, particularly those made at the 58th World Health Assembly?

For strong health care provision to flourish, there must also be political stability. Corruption plays a role; I have debated that with the Minister at other times, and I do not intend to go into it again now. Suffice it to say that economic growth is impossible if a country's population are sick and dying. That is particularly the case in respect of TB, which disproportionately affects adults in the work force. We must encourage schemes that include civil society, NGOs, regional Governments, donor country Governments and the communities on the ground if we are to see progress towards the millennium development goal of halting and beginning to reverse the incidence of major diseases such as TB by 2015.

I want to repeat something that the hon. Member for Edinburgh, West said in respect of the campaign against TB, because it succinctly summarises what the global community needs to do. It needs to

"stimulate political commitment, financial support, effective intervention, patients' involvement, community participation and research and development."

If the UK Government are supportive of that strategy and programme, they will find Opposition Members supportive of them.

11.53 am

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): I join other hon. Members in paying due tribute to the hon. Member for Edinburgh, West (John Barrett) on securing this debate on tuberculosis. Given its timing just days before world TB day, he has done the House a particular service. TB places an unnecessary burden on the developing world in particular—TB causes 2 million deaths a year—and the House has benefited from the opportunity to discuss these issues again. I should also pay tribute to the hon. Gentleman's continuing advocacy on this topic; he has not come to it fresh today. I know through his work on the Select Committee on International Development and his visits to our programmes in Andhra Pradesh and Kenya that he has followed this issue for some time.

I also congratulate the hon. Member for Richmond Park (Susan Kramer) on her elevation to her current position. She is fortunate to have in her constituency arguably the greatest professional rugby club—London Welsh. That makes her almost, but not quite, as privileged as I am in terms of the constituencies that we represent. She raised a number of issues, as did the hon. Members for Edinburgh, West, for St. Ives (Andrew George) and for Boston and Skegness (Mark Simmonds) and my hon. Friend the Member for North-West Leicestershire (David Taylor). I will try to do justice to their contributions.

As all hon. Members said, there is a huge challenge before us because of the number of people who die or become infected as a result of TB. It is, however, a challenge that the international community, supporting developing countries, could rise to. There is already an internationally agreed strategy for TB control—directly observed short-course treatment programmes or DOTS—which we know has considerable impact. I understand that later this week the World Health Organisation will announce that in 2004 DOTS programmes were able to detect 53 per cent. of TB cases worldwide, and to treat successfully 82 per cent. of them. That is encouraging, but those figures also reveal the scale of the challenge that remains. We need to build on that success and do more.

A number of things need to happen if poor people are to get better access to effective TB care. Simply put, they are threefold: there needs to be much greater political commitment to this challenge, more money needs to be allocated, and we need to make better use of the existing money that is available.

Let me start with that last point. Making better use of the money means working in partnership with developing countries, donor partners, those in research institutions and NGOs that specialise in this field. I join other hon. Members in paying tribute to the campaigning work of Results UK, TB Alert and the African Medical and Research Foundation—AMREF—not least for their efforts to enlighten the House further by calling a meeting later this week. The Department for International Development is familiar with all those organisations because of their work in this area. The House owes them a debt of gratitude for their lobbying, campaigning and informative work.

Secondly, we need to ensure that we spend more of the money that is available on research, and make better use of the existing facilities. We also need to ensure that the systems are in place for the money to get down to health care services in the most remote areas and the most marginalised communities. The hon. Member for Richmond Park rightly alluded to that. We need to ensure that people who want to access the drugs are able to do so, wherever they live and whatever their circumstances.

The hon. Member for Boston and Skegness rightly alluded to the Commission for Africa's underlining how critical TB is to the health and development agenda. He will be aware that a similar message was highlighted by the Gleneagles communiqué, the United Nations world summit, and the European strategy on development—that consensus was agreed towards the end of last year. All of them committed the global community to do more on TB.

All hon. Members have also referred to the excellent global plan to stop TB, which was launched by my right hon. Friend the Chancellor of the Exchequer, with Bill Gates and President Obasanjo of Nigeria. As hon. Members said, that global plan sets out a clear picture of what we need to do to achieve the millennium development goal on communicable disease. That plan makes it clear that it is possible, with greater commitment and more money, and by using money more wisely, to halve deaths from TB by 2015. We now need to move from those commitments in the global plan and the various communiqués of last year to implementation on the ground.

Hon. Members who follow the issue will know that last year the Department held a consultation on TB and malaria, in which we reviewed our spend to date and considered whether we needed to increase our spend and how to make better use of the resources available. As a result of that consultation, we doubled funding for the Global Fund to Fight AIDS, Tuberculosis—crucially—and Malaria for 2006–07. We increased our funding for country programmes; that is the direct bilateral support to which the hon. Member for Richmond Park alluded. As the hon. Member for Boston and Skegness rightly said, the Chancellor announced funding of just over £41 million for TB drugs in India, through partnership with the World Health Organisation. We also committed some £5 million to the global Stop TB Partnership. Those are examples of our work on TB and Malaria. We intend to continue to expand such support later this year.

All the hon. Members who spoke raised the issue of finance. The hon. Member for Boston and Skegness highlighted the current $31 billion gap in the plan and pointed out that $56 billion would be needed through to 2015. Some $25 billion is already available and, as I said, we must ensure that that is well spent. I accept that there is a major gap in resources, and we cannot pretend that it will be closed if it is a case of business as usual. We need to maximise commitments from developing country Governments and donors, and we need to work on the commitments made last year.

Crucially, we must explore new sources of finance. Critical to that is ensuring that TB is recognised in developing countries' own health plans—a point made by the hon. Member for Boston and Skegness—and that Ministries of Health are supported in making the case to Ministries of Finance for more funding for health care in general and TB specifically, so that that money is locked into poverty reduction strategies. Of course, we do advocacy work in areas where our country programmes are strong and where we have identified particular problems.

The global fund needs to be supported if it is to maintain its share of the growing response to TB. Hon. Members who follow the progress of the global fund will know that in June there is to be a mid-term review of the global fund's performance to date, and of how the replenishment has gone. That will provide an opportunity to encourage new donors, in particular the oil-producing countries and the private sector, to play their part in supporting the effort on all three poverty diseases.

Even with the new resources that have been pledged, the $30 billion gap is a considerable challenge. Hon. Members will know that this year the international finance facility for immunisation began its work. We hope that that does considerable good in its own right, but also serves to encourage other nations to support a full international finance facility, delivering new resources for work on TB—and health care generally—more quickly.

The hon. Member for Edinburgh, West, knows that I cannot prejudge what my right hon. Friend the Chancellor will say in the Budget tomorrow, but he will be aware of the commitment made last year by the Chancellor and my right hon. Friend the Prime Minister to spend 0.7 per cent. of national income on aid by 2013. I am sure that the hon. Gentleman will want to praise this Government for trebling spending on international development assistance since we were elected.

The hon. Member for Richmond Park asked for more information on how much we have already spent on tuberculosis. Perhaps it would help if I explained that although we fund TB control directly through a number of specific bilateral projects in the focal countries where we operate, we also increasingly fund broader health sector development plans for developing countries through multilateral agencies, including the World Bank, the European Commission and the Asian Development Bank. It is not always possible to draw out exactly what is spent on TB, because money that goes into health sector budgets helps to fund action on a range of other health conditions, too.

Let me give some additional examples of the direct, bilateral support that we provide. In Nepal, we committed some £5.4 million from 2001 to the end of next year to helping with effective diagnosis and treatment for all TB patients who come to existing primary care facilities. In South Africa, we are providing assistance on TB to KwaZulu-Natal, the province with the highest HIV prevalence and the worst treatment outcomes.

Hon. Members have referred to the often considerable links between HIV infection and TB infection. In Pakistan, one of the seven national health programmes supported by our sectoral spend of £60 million is a national TB programme. In Uganda we are providing direct support to strengthen the health system and to strengthen our response on implementing the DOTS programme at community level.

[Mr. Gareth Thomas]

One or two hon. Members mentioned Russia. It is worth drawing the House's attention to Russia's hosting of the G8 agenda this year. The Russians have shown an interest in discussing infectious diseases in St. Petersburg later this year. As the hon. Member for Edinburgh, West, rightly said, it is one of the countries with the greatest burden of TB, and it has a particular problem with drug-resistant TB, so we have been pushing for the St. Petersburg summit to endorse support for the global plan. Indeed, when my right hon. Friend the Chancellor launched the global plan, he made specific reference to that.

I have mentioned the issue of the better use of money. The hon. Member for Boston and Skegness rightly drew attention to the need better to co-ordinate the response to HIV with the response to TB. In some African countries—Malawi is an example—70 per cent. of people with TB are infected with HIV, so there is a clear case for bringing responses to the two diseases much more closely together. In some African countries, people still need to go to one clinic to get their TB drugs and another to be tested and get treatment for HIV. Clearly, that is nonsense in the longer term, and we need to support those African countries in bringing those services together.

In 2005, the G8 committed itself to providing universal access to HIV treatment, prevention and care. That commitment was endorsed by the UN world summit. As part of the global steering committee that we co-host with UNAIDS, we have been trying to make a reality of that commitment. We are drawing up plans on how to achieve that, and on how to ensure that TB is seen as a core element of the package of AIDS care.

In an intervention on the hon. Member for Edinburgh, West, my hon. Friend the Member for North-West Leicestershire rightly alluded to lack of drugs and problems with diagnostics and vaccines for diseases. Those are major problems; those in developed countries have considerable access to those services, and those in developing nations have very poor access to them. We know from international research on the issue that 10 per cent. of global health research and development is directed at diseases of relevance to 90 per cent. of the world's population. That is a huge imbalance and a glaring example of global inequality. That is one reason why we need to accelerate research and development of new technologies; a second reason is to deal with the specific issue of multi-drug-resistant TB. That is one reason why we are supporting the WHO's tropical disease research programme, which includes a major research project in improving TB diagnostics, which the hon. Member for Richmond Park mentioned. If we can get those new diagnostic methods to come on line, it will mean that we can detect TB earlier in primary health services and we shall be able to diagnose it much earlier in people who are also infected with HIV, where diagnosis is often particularly difficult.

We are keen to see new drugs developed, particularly ones that would allow for shorter and simpler courses of treatment that reduce the burden on often fragile health care systems. Ultimately, the goal must be to find a vaccine, if we are genuinely to achieve long-term control.

One key way to try to ensure that new drugs and diagnostics come on line is through public-private partnerships, which are beginning to change the landscape of TB research. The need for public-private partnerships will continue to increase, particularly when embarking on expensive clinical trials. That is why, earlier this month, I was pleased to announce UK funding of some £6.5 million over the next three years to the global alliance for TB drug development. However, that does not preclude the point that my hon. Friend the Member for North-West Leicestershire made, which was that we need to see, and should continue to encourage, the major pharmaceutical companies in their programmes of research into diseases in developing countries. We should try to ensure that they have effective differential pricing regimes in place to charge higher prices in developed nations and recognise the unaffordability of those prices for poorer nations and bring in cheaper prices there. I have already made it clear that this is a particular issue for second-line antiretroviral drugs to fight the HIV/AIDS epidemic, but, more generally, it is one that developing countries are facing.

The hon. Member for Boston and Skegness also mentioned access to drugs. He will be aware of the flexibilities in the legislation on trade-related aspects of intellectual property—TRIPs—which has only just come into force in general terms and is not in force for the least developed and very poorest countries. We are working with a number of developing countries, including Ghana, to ensure that they can take advantage of the flexibilities in the TRIPs regime.

The hon. Gentleman said that many developing countries impose tariffs on drugs and that it is difficult to see the sustainability of such tariffs, given the huge public health burden faced by many of those countries. Nevertheless, he will recognise that Finance and Health Ministers and Parliaments in developing countries must consider that in the round. As I said in answering the point made by the hon. Member for Richmond Park about our spend on TB directly, we put considerable resources into financing health systems to help with the fight against TB and more broadly.

My right hon. Friend the Secretary of State has, in various speeches to generate debate on our forthcoming White Paper, referred to the need for us to increase access to basic health and education services. It is worth pointing out that the WHO estimates that it would only cost approximately £20 per person to provide an essential package of health services. Many Ministries of Health in low-income countries typically spend less than £5 per person, which indicates the scale of the challenge that we face and just how much of a step change we need to see in funding from domestic budgets in developing countries and from international aid.

I draw hon. Members' attention to Malawi, where we are providing £100 million of support to its health sector budget, as part of the health sector plan, which is specifically supporting the Government of Malawi to try to double the number of nurses and treble the number of doctors that they recruit over the next six years. That is being done partly by tackling many aspects of the poor conditions in which people in the health service in Malawi have to operate, partly by raising their pay by just over 50 per cent., an increase that only came on line in April. Early indications are that a significant increase in recruitment is beginning to happen.

The hon. Member for Boston and Skegness rightly mentioned user fees for health care services. We have made it clear that user fees can deter people from accessing the health care services that are needed, that we support the elimination of health care fees and that we will put resources behind efforts to eliminate such fees. In Zambia, when the Minister of Health recently announced her intention to abolish health fees for those in rural areas, my right hon. Friend the Secretary of State announced additional funding for Zambia to help compensate for the loss of those user fees.

In conclusion, I congratulate the hon. Member for Edinburgh, West on securing this debate. I hope that world TB day receives considerable media and parliamentary attention; it certainly needs to. We in the Department for International Development intend to continue scaling up our work on health care services in general and, through that, our response to the fight to tackle tuberculosis. I look forward to working with the hon. Gentleman and other hon. Members to continue the campaign on this issue.

12.16 pm

Sitting suspended.

Education Funding (East Riding of Yorkshire)

12.30 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): This is a fairly sparsely-attended debate, but the issues that it deals with are none the less extremely important. I shall talk a little about the state of education in the East Riding of Yorkshire and the funding of that education system. I shall then specifically address the issue of the F40 model, which is a mechanism by which the Government can better target funding at those most in need and ensure that they receive the correct funding.

The East Riding of Yorkshire has undergone great improvements in the past few years. In 2004, at key stage 2, 83 per cent. of its pupils achieved level 4 or above in English, which represents a considerable increase on the figure a number of years before. In maths, the relevant figures were 78 per cent. in 2004 and 79 per cent. in 2005. Both are above the national average. At key stage 2, East Riding schools are joint 25th nationally.

Likewise, at key stage 3, there has been a significant improvement and, given the funding, an outstanding performance on the part of staff. By 2004, 77 per cent. of pupils at key stage 3 had reached level 5 or above in English. The figure rose to 79 per cent. in 2005. In maths, the corresponding figure was 79 per cent. in 2004. It dropped slightly to 78 per cent. in 2005. Both results are also above the national average.

East Riding schools were 17th in the national GCSE performance tables in 2005, which was an improvement on 69th in 2004, and 61 per cent. of their students achieved five or more A to C grades. By contrast, the national figure was just 54 per cent. Four East Riding schools have this year been recognised in the national league table for the most improved state secondaries, according to the proportion of pupils gaining five A to C grades.

I want to highlight the performance of Beverley high school, which is the top performing state school in the East Riding at GCSE—some 80 per cent. of its students achieve five A to C grades. We are talking about a comprehensive school achieving that high level. Indeed, 15 of the East Riding's 18 secondary schools achieved improved GCSE results in 2005.

At A-level, East Riding schools were 56th in the national league tables in 2005. The improvement over recent years in the East Riding, despite the lack of funding, has been enormous, and it is gratifying to comment on it. I congratulate the head teachers and staff of the schools in the East Riding on their performance. I also pay tribute to the inspirational leadership in the local authority of John Mager, who is the director of education. I am unsure whether he is leaving the local authority today, but some time soon he will do so. He has done an excellent job. The political leadership of Councillor Penny Peacock has also made a big contribution.

Great improvements have been made, but what could the schools in the East Riding of Yorkshire have achieved if they had received a fairer share? There could have been more teachers, support staff, textbooks and equipment. East Riding schools have consistently received funding that falls behind both the national average and that given to the best-funded authorities.

[Mr. Graham Stuart]

The Minister will know all about the F40 group of poorly-funded local education authorities, of which the East Riding is a member. Those authorities represent almost 16 million people in more than 200 parliamentary constituencies. Research on the national funding arrangements over the past years reveals some stark facts concerning the funding allocations to the F40 authorities. I hope the Minister will respond on that. Between 1997–98 and 2005–06, there has been no real change in the spread among the F40 group of authorities in respect of the difference among that group between the amounts that the highest and lowest-allocated authorities receive.

As the Minister will be aware, during the past eight years, the cash gap between the best and worst authorities nationally has widened. The figure is £620 per pupil, even though most commentators already felt that the disparity was too great between the best-funded and the worst-funded authorities. And yet, the effect of Government policy and formulation has been to exacerbate that situation.

Let us consider how schools in neighbouring Hull compare with those in Holderness in my constituency in 2005–06. Bilton primary school received £2,458 per pupil whereas Wansbeck primary received £2,922 per pupil. Those schools are less than a mile apart. I hope that the Minister will respond favourably on those questions today and suggest that he, at least, shares my ambition, and that of many other MPs who represent F40 authorities, that the gap should be closed.

Parents and pupils in the East Riding had high hopes for the new funding arrangements for 2006–07 and 2007–08, but the dedicated schools grant, which comes into effect next month, has not been kind to them. The two-year settlement, beginning in April, has a baseline figure for the East Riding of Yorkshire of £3,117 per pupil. In 2006–07, the figure will be £3,322, which represents a 6.6 per cent. increase. Some 6.9 per cent. of that figure will be allocated on the basis of deprivation.

The East Riding of Yorkshire is the fourth-worst-funded education authority in the country. In 2006–07, Hull will receive £3,738 per pupil whereas the City of London will receive £6,708 per pupil, which is more than double the East Riding of Yorkshire's allocation.

The situation is indefensible and should already have been addressed, yet it is getting worse. In 2007–08, the East Riding will receive £3,535 per pupil, which represents an increase of 6.4 per cent. Such increases are below the national and regional averages. Unbelievably, the national increase in 2006–07 will be 6.8 per cent., but the East Riding will receive less than that, and in the following year the gap will further widen between the East Riding of Yorkshire and the national average.

The East Riding local education authority has not stood idly by while this has happened. Led by John Mager, it has helped to devise the F40 pupil entitlement model. It is a new funding model for determining the needs of individual education authorities and schools, and it is targeted on the pupil. The calculations are based on needs-based funding—what it costs to run a school.

I am sure that the Minister and his colleagues know all about the F40 group and the funding model. The group was pleased that civil servants came to examine the model and found that it was not designed primarily to address overall funding. It is not a completely different model of funding across the UK, but it shows that by using index of multiple deprivation data and education data it is possible, within the education management system, to attach a deprivation score to each child using a home postcode.

Using that model, it is possible to pick up in particular the current injustice whereby thousands of pupils leave Hull to come to the East Riding to be educated. Many of them come from some of the most deprived wards in the country. When they come to be educated in the East Riding and East Riding schools seek to provide them with the additional support that they rightly expect, the money does not transfer with them. The F40 model would allow that.

The East Riding spends more on schools than the amount allocated to it by the Government. It is rare among local authorities to have that happen, but, despite low funding overall, such is the commitment of the political leadership of the East Riding that it has found extra money to put into schools and, as I have explained, shown that that extra money converts into improvement and genuine delivery for pupils across the area.

The East Riding is suffering because multiple aspects of the system put it at a disadvantage. Although it is right that deprivation funding should go to those in the most deprived areas, the truth is that rural areas rarely manage to command the statistical basis for that much support. The allocation of funding according to where pupils live, rather than where they are educated, compounds the injustice. There are 2,665 pupils in residence at schools in the East Riding who live in other local authorities. As John Mager said:

> "One secondary school in the East Riding of Yorkshire receives 30 per cent. of its intake from one of the most deprived and disadvantaged estates in Hull. They will be expected to provide the personalised learning which many of these children will require but the proposals for deprivation funding will not provide the East Riding with the funds to support the school."

Funding allocated to the East Riding for deprivation is below the national average. Hull is allocated 14.7 per cent. of funding for deprivation. It has problems with social deprivation and it is right that additional funding is allocated to its schools, but the East Riding has deprivation of its own. The Ofsted report on the local education authority of January 2004 said:

> "Pockets of social deprivation, the steadily rising inward migration from neighbouring urban districts, the remoteness of some parts of the region and relatively low funding levels all pose a challenge."

Bridlington South, Bridlington Old Town, Bridlington North, Goole and South-East Holderness are among the 33 per cent. most deprived wards in the country. Household income is below the national average.

Tellingly, a recent survey undertaken for an obesity project in the East Riding revealed that 70 per cent. of children in Withernsea had a low body mass index, indicating under-nourishment. That highlights the unfairness of funding based on a local authority border rather than on the child.

Rural areas are losing out and Government cash has been targeted on cities. John Dunford, general secretary of the Association of School and College Leaders, said:

"This Government has put a large amount of additional funding into deprived areas and I give them credit for that. But in the way that grants are distributed, there are inbuilt inefficiencies because they are targeted in big areas, such as Manchester and Birmingham, and not on the individual schools and individual pupils where the need is greatest. There are pupils losing out and this is particularly the case for disadvantaged pupils in rural areas."

That quotation, which is recent, sums up the injustice of the system.

John Wilson, head teacher of Market Weighton school in the East Riding, said:

"The modest improvements in funding, though welcome, will not allow schools in the East Riding to progress as quickly as they would like. East Riding schools will be forced to make do and mend while schools in better-funded authorities are able to provide a wider range of opportunities for their students. Whether anyone will be looking at their staffing I don't know at the moment. What we would really like is a fairer system of funding."

The East Riding of Yorkshire council has brought significant improvements to its education, thanks to the hard work of many people, the pupils, the support of their parents and all the staff throughout the local authority. None the less, the gap between the East Riding and the best-funded authorities in the country continues to grow. In the F40 entitlement model, even before the reassessment of the overall funding, we have a tool that can allow money to follow the pupil, allow parents to exercise choice and ensure that support is provided to the most deprived in our society.

I urge the Minister to acknowledge that the East Riding has performed extraordinarily well on limited resources. I also urge him to consider carefully the situation in the East Riding and other poorly-funded local authorities, and to take that on board when reviewing the arrangements that are in place for 2006–07 and 2007–08 before deciding on a permanent model from 2008 onwards. I hope that we get a sympathetic response from him today.

12.45 pm

The Parliamentary Under-Secretary of State for Education and Skills (Phil Hope): Mr. Cummings, may I say first what a pleasure it is to be under your stewardship for the first time as a Minister? I am glad to have that opportunity.

I congratulate the hon. Member for Beverley and Holderness (Mr. Stuart) on securing this important debate and very much welcome his description of the educational success in the East Riding of Yorkshire. I note his concerns about education funding—I shall say more about that in a moment—and thank him very much for his comments on the F40 model and the work the Department is doing in talking to that group of authorities about their proposals.

I would like to respond to the hon. Gentleman by putting on record my gratitude for the work of teachers and pupils in the East Riding, who have been responsible, as he so eloquently described, for significant improvements in the quality of education in the county. I have a few of my own notes to add to the statistics he cited. At key stages 1 to 3, East Riding is exceeding the national average in all subjects, which is quite an achievement. For example, the number of pupils achieving level 5 in key stage 3 science and English is five percentage points above the national average.

The improvement since 1997, when the Government came to power, is impressive. For example, the number of pupils achieving level 4 or above in key stage 2 English is up 17 percentage points to 83 per cent., which the hon. Gentleman mentioned. The number of 15-year-old pupils in the East Riding achieving five or more A* to C grades at GCSE or equivalent is up by nearly 17 percentage points since 1997. Those quite impressive changes have happened during the past eight or nine years.

The changes genuinely reflect the hard work of teachers in the county. I am pleased to say that East Riding has nearly 12 per cent. more teachers than in January 1997 and almost 160 per cent. more teaching assistants. In both cases, the increase is well above the national average of 8 and 142 per cent. respectively.

Mr. Stuart: Those statistics are indeed extremely positive, but why is it necessary for the East Riding of Yorkshire council to find additional sums itself from very limited funds? The political leadership locally is the prime cause of those increased standards.

Phil Hope: The hon. Gentleman's intervention takes me on to the exact point I was going to discuss: the funding of education in the East Riding of Yorkshire. It is worth reflecting on the increases in funding in the East Riding since the Government came to power. The tremendous achievement that he and I have described today has happened because of, not despite, the record investment in education funding in the East Riding of Yorkshire.

If you will forgive me, Mr. Cummings, I have to say that that funding stands in stark contrast to the investment made by the Conservative party when it was in power, and in stark contrast to the platform that the hon. Gentleman stood on less than 10 months ago, which would have cut public spending by £30 billion.

Since 1997–98, revenue funding in the East Riding has increased in real terms by £1,080 per pupil—an increase of 40 per cent. in real terms, which equals the national average percentage increase. That record 40 per cent. real-terms increase might also have had something to do with the record achievements by teachers and pupils in the East Riding.

Mr. Stuart: I want to take issue with the Minister's introducing party politics to the debate, and particularly his producing a completely specious figure of £30 billion in cuts, which he knows was not in the Conservative manifesto. New Labour's continual desire to say things that it knows to be untrue does not greatly credit the Minister or the Government whose members he serves.

Phil Hope: We may have to agree to disagree, but the hon. Gentleman has come to the House on behalf of his party to plead for more resources for his constituency—an entirely understandable and appropriate thing to do. It is also appropriate and entirely right for a Minister to point out that when the hon. Gentleman does so, he contradicts the platform on which he stood.

Mr. Stuart: That is not true.

John Cummings (in the Chair): Order.

Phil Hope: Capital spending on school buildings in the county has also increased dramatically from £1.3 million in 1997–98 to almost £15 million in 2007–08. That is a more than elevenfold increase.

I listened carefully to the concerns that the hon. Gentleman raised about funding for the East Riding compared with that for other areas of the country. Whether we wish to agree or disagree about the overall funding of education as between his party and mine, we recognise that there are concerns about the allocation of that funding. Some argue that funding per pupil should be more or less the same across the country, and I got that feeling from the hon. Gentleman's contribution. I want to explain why it is not the same.

The Government aim to give all pupils an equal opportunity in life. Pupils from more deprived backgrounds are likely to have additional educational needs and to require additional help if they are to have an equal chance to succeed. That is why in the current formula funding system, on top of the basic entitlement, we provide additional funding to authorities with higher numbers of pupils from deprived backgrounds. If I heard the hon. Gentleman right, he said that he understands and supports the principle that those pupils in greatest need should be given the greatest support.

The main reason for the East Riding receiving less funding per pupil than other areas is that it has fewer pupils from deprived backgrounds than many other authorities. The hon. Gentleman referred to Hull, the neighbouring authority to his own. Just below 12 per cent. of pupils in the East Riding come from families on income support. The national average is about 19 per cent.

There is also extra funding for authorities in high-cost areas, because schools in those areas find it more difficult to recruit and retain teachers and other school staff. It is worth noting that the teacher vacancy rate in the East Riding is 0.3 per cent. compared with the average of 0.6 per cent. The council's own website says:

"Quality of life in the East Riding is exceptionally high—housing is plentiful and prices are lower than in many other parts of the country".

That is why the formula works as it does,

The hon. Gentleman mentioned the rural nature of his county and constituency, and the formula funding arrangements give extra funding to sparsely populated authorities such as the East Riding, where there are many small village schools that are more expensive to run. The formula recognises the circumstances that he describes.

That is the situation, but the hon. Gentleman might know that, from the beginning of April, we are making some important changes to the school funding arrangements. They are designed to ensure that the money meant for schools reaches them in every area of the country and gives head teachers and governors funding stability and certainty, so that they can make better plans. Those key benefits will be delivered through multi-year budgets for schools, backed by the dedicated schools grant, or DSG. The DSG is a new ring-fenced grant from the Department for Education and Skills to each local authority, covering funding for schools and other provision for pupils.

In spring last year, we consulted widely on the new school funding arrangements, including our proposals for distributing the DSG between authorities, but schools and authorities in areas that spend more than their formula funding allocation—a situation that the hon. Gentleman described in relation to the East Riding of Yorkshire—told us of their concerns about our proposals.

Those schools and authorities were worried that, were we to pursue that course of action, over time their relative funding would be reduced. The East Riding is such an area, demonstrating, as the hon. Gentleman said, the priority that the council, as well as the Government, gives to schools in his area.

We listened carefully to those concerns, and during the summer last year we consulted again on a modified DSG distribution method that put stability at the heart of local authority funding allocations. A majority of the people who responded to the new consultation supported the modified method, as did the East Riding of Yorkshire council, I am pleased to say. That is what we will use to distribute the DSG in 2006–07 and 2007–08.

I shall describe how the DSG distribution will work for the next two years. We will take each authority's existing spending on the schools' budget as the starting point, give every authority an increase of at least 5 per cent. per pupil over the current spending in each year, and then distribute the remaining grant according to the Government's priorities for education.

Those priorities include personalised learning at key stage 3 and in primary schools; the provision of more practical learning options for pupils in key stage 4; the full-year cost of implementing time for PPA—planning, preparation and assessment—in primary schools; and the cost of the increased entitlement to free early years provision, from 33 to 38 weeks.

I want to stress that, although we have earmarked sums for those priorities within each authority's DSG allocation for each year, decisions about the distribution of funding between schools continue to be for local authorities, in consultation with their school forums.

What does the school funding settlement mean for the schools of the East Riding of Yorkshire? I am pleased to say that the county can expect an increase in DSG over current spending of no less than 6.6 per cent. per pupil in 2006–07, with a further increase in 2007–08 of 6.4 per cent. per pupil. Over the two years, that represents an increase of 13.4 per cent. per pupil. The hon. Gentleman described that as modest; I would describe it as generous.

Mr. Stuart: Will the Minister be so kind as to deal with a direct point? The difference between the highest and lowest-funded authorities in the country is growing. Does he really support that? Some local authorities have very high school balances and do not use the money that they are allocated. There is no difficulty between us on the principle of supporting deprived areas, but the gap between the highest and lowest-funded is growing, and rurality and other issues are not being covered properly.

Phil Hope: I understand the hon. Gentleman's point; he has made it before. All I pointed out to him was the fact that, whatever his views on how much other

authorities receive—I understand his concerns about that—his authority will receive, over two years, a 13.4 per cent. per pupil increase. As I said, that is hardly modest. It builds on the spectacular increase in revenue and capital investment during the past eight or nine years, which has led to the spectacular results and achievements on which we have remarked in this debate.

The settlement is good for East Riding schools and good for schools throughout the country. It combines clarity on the Government's priorities for school funding with flexibility for local authorities and school forums over how they respond to those priorities. Most importantly, however, it means that, for the first time, schools throughout the country will know their budgets for more than one year ahead, enabling them to plan with confidence in support of school improvement.

The hon. Gentleman mentioned the F40 group, which relates to the funding model that the East Riding of Yorkshire council is developing, supported by the wider F40 group of authorities. During recent months, the group has made useful presentations on the model to my right hon. Friend the Minister for Schools, 14–19 Learning and officials from my Department. We will continue to listen to the F40 group's views on school funding and we will be interested to see how the F40 funding model develops. Indeed, our joint head of school funding spoke at the F40 group's national conference earlier this month.

The F40 model is designed in particular to help in the distribution of funding between schools. One issue when considering it is whether it could be successfully adapted for national distribution between local authorities. That is the discussion we will have.

We have heard about the record number of teaching and support staff in the East Riding of Yorkshire and about the record investment in education. That has led to record achievement. I repeat my thanks to the hon. Gentleman for raising these issues and congratulate the teachers and pupils in his constituency who are doing so much to improve the quality of life for families and people in his area.

Child Support Agency (Dawn Rennie)

1 pm

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): First, I thank Mr. Speaker for making this debate available to me at such short notice. I am also grateful to my hon. Friend the Minister and his Department for the communications between us on some of the facts of the case that I am about to present. I am also grateful to the sheriff clerk and the procurator fiscal at Kilmarnock sheriff court.

On 9 February 2006, my right hon. Friend the Secretary of State for Work and Pensions made a statement to the House on the future of the Child Support Agency. I welcomed that announcement to terminate the agency, believing it to run a shambolic system that works only at times in relation to those in pay-as-you-earn schemes and which does not work in relation to many other people, particularly those in business, who seem to employ smart accountants to get out of their parental responsibilities.

The Secretary of State announced that a new system would be devised by the chief executive of Liverpool city council, Sir David Henshaw, and that the House could expect a further announcement in the latter part of July 2006. My first question to the Minister is, when does he expect that change to be implemented? I believe that it must be done sooner rather than later, given my experiences over the great many years during which I have represented constituents on the issue of the agency. As the Minister will see from the case that I will highlight, the Government need to act now to help individuals who have become trapped by the system and have lost heavily as a result of incompetence in the agency and in the law.

Dawn Rennie of Prestwick has been fighting for more than 13 years to get her former partner—Patrick Clancy of Irvine, who also happens to be a constituent of mine—to pay maintenance for their now 14-year-old son. Throughout that time, Mr. Clancy has managed to build up arrears of nearly £16,000. He has given pocket money to his son of some £20 a week, but he has persistently failed to meet his responsibility and liability to pay his child maintenance.

Liability orders were sanctioned by the court in Scotland—one on 14 August 1995 for £4,897.21 plus costs, and a second on 17 October 2002 for £12,298.15 plus costs—but little of that money, if any, has been paid. In fact, £15,725.51 is outstanding in respect of those two orders alone. Subsequently, Mr. Clancy offered a mediocre £5,000 payment to cancel out the £16,000 of debt. Dawn Rennie declined that as derisory, and I agree that the offer was derisory.

It took 13 years of persistence by Dawn Rennie before the CSA finally got Mr. Clancy to court, on the ground that if he did not pay what he owed he should be sent to jail. I hold no personal malice towards Mr. Clancy, but I feel strongly that the CSA has been totally hopeless in pursuing the case timeously.

I have to tell the Minister that when the word "timeously" is put through a spell check, it comes out as "timorously". That may be more appropriate to the CSA than "timeously". At this time of year, when we have just gone through the Burns period, the word "timorous" has a particular meaning—I am sure everybody knows about the little mouse.

[Mr. Brian H. Donohoe]

The trial eventually took place on 15 December 2005, when Sheriff Ruth Anderson ruled that Mr. Clancy did not have the money to pay the arrears because of his drink and gambling addictions. It seems almost bizarre that the sheriff would rule in that way, but that is exactly what she did.

Mr. Jim Cunningham (Coventry, South) (Lab): My hon. Friend has hit on a point that is very interesting and serious, because many of us have come across cases like this. The question, which is really for my hon. Friend the Minister, is why did it take so long—13 or 14 years—to get the case to the court. Why has action not been taken before now?

Mr. Donohoe: I think that is a question for the courts. As my hon. Friend says, the Minister needs to answer the point, and I am sure that he will.

As I said, a decision on the case was taken on 15 December, when Sheriff Ruth Anderson ruled that Mr. Clancy did not have the money. Obviously, because of that, the matter was never pursued. Dawn Rennie was neither informed of that hearing nor given any opportunity to stand as what would be described as a prosecution witness. That fundamental flaw in the system must be addressed. She has since been informed that the court's decision is final and that there is no right of appeal—a decision that I do not accept and which I do not think anyone could accept. I therefore want the Minister to consider overturning the decision. That is the second reason why I want the debate to give me some answers.

To say that I find the position that I have described totally unacceptable would be a major understatement. However, this debate is not in connection with the failure of the justice system, which should perhaps be the subject of a debate on another day. Today, I must place it on the record that, having knowledge of the Clancy family, who are well known in the Irvine area, I am convinced that Patrick Clancy will not be working for the £80 a week he claims to be. Consequently, he is making a complete mockery of the system.

Mr. Brian Jenkins (Tamworth) (Lab): My hon. Friend is going down a trail that I have trodden for quite a while. Will he ask my hon. Friend the Minister why—when self-employed absent parents can prove conclusively to the tax man that they are making only £10,000 a year, but they are living in rather a large house, with a nice sports car in the drive, and they have holidays abroad—we do not use the Proceeds of Crime Act 2002 to get the revenue off those individuals? Why is the CSA not asking itself questions about why it is not chasing those people up? It should not walk away from the difficult cases.

Mr. Donohoe: I could not agree more. The situation is clear on the basis of my experience and that of my hon. Friend and other hon. Members. I am sure that the Minister is aware of dozens of cases similar to the one that I am describing.

Time and again, I have come across similar situations, which is why I made the point about the person on PAYE being caught, quite correctly, although it is almost impossible on occasion for the CSA to do much about the person who is self-employed. I encountered one case of an individual who I and everyone else knew full well was a second-hand car salesman. He was selling more than 60 cars a week, yet he said that his income was less than £70 a week. That cannot be right, and the problem must be corrected at some point

Mr. Jim Cunningham: I want to reinforce what my hon. Friend the Member for Tamworth (Mr. Jenkins) said. The situation that he described has been well known to the CSA for many years. I have raised it on a number of occasions, as have other hon. Members. I sometimes wonder whether those on the Government Front Bench listen and look into the issues that Back Benchers raise. The phenomenon is not new—it has been around a long time—but no one has done anything to tackle it. Now we know why the CSA gets itself into a mess from time to time.

There must be a way to bring to book the people who are dodging the system. On the one hand, someone who works in a factory can get clobbered; on the other, someone who owns their own business can get away with blue murder. It is about time that that loophole was plugged.

Mr. Donohoe: My hon. Friend is right, and this is why Sir David Henshaw has a job on his hands. He will have to convince me and my hon. Friends, as well as colleagues across the House, that a system will come into being that covers the points made by my hon. Friend and by my hon. Friend the Member for Tamworth (Mr. Jenkins). This issue needs to be examined and we need some ideas from David Henshaw long before the end of the year.

I welcome the proposal to revisit the legislation and hope to have the opportunity of making some input to it. I am sure that my hon. Friends also want some input. Again, I ask the Minister what consultation is taking place to allow hon. Members with first-hand experience to have some input so that we can have a transparent system, which we must have. The system that operates just now is neither transparent nor fair.

In the first instance, I am here to seek justice—that is the only word for it—for my constituent from a system that has consistently let her down every step of the way. I fully accept that the individual has responsibility, and that is the case that has to be made, but the state equally has responsibility. It must be shown clearly that there is some form of state responsibility. That is the third issue on which I ask for clarification and comment from the Minister.

While I accept that liability orders were put in place, it took 13 years for the agency finally to take the case to a full court hearing. As I explained, when it came to court, Dawn Rennie was not given the opportunity either to attend or to defend her family. That is plainly wrong, and it must be addressed and resolved by the Minister and the Department.

It must be said—there is no other way to put it—that the CSA has been a charter for disaster since its inception. My constituent has received neither a formal apology nor any hint of meaningful compensation. She was offered £150 as a good-will gesture when my hon. Friend the Member for Ayr, Carrick and Cumnock

(Sandra Osborne) took the case up some seven years ago. I hope the Minister can rectify that either today or in the near future.

No doubt the Minister has had to face difficulties, but they are minuscule compared with the grief of those caught in the net of a bungling, inept system that has been accepted as such by the Secretary of State himself. The Government must face their responsibilities and acknowledge that the system is inept. They must address the problem immediately, not at some time in the future.

The Government have been quick enough to compensate farmers time and again—the latest occasion was after the foot and mouth outbreak. It seems that people would be better off if they were animals, because compensation is so quickly offered to farmers, but it is not offered, and there is no proposal to do so, for all the mistakes that have been made by the CSA over the years. I look forward to the Minister's response.

1.13 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): I congratulate my hon. Friend the Member for Central Ayrshire (Mr. Donohoe) on securing this debate on a subject that is obviously important to one of his constituents. I appreciate that he feels strongly about the agency, as do other hon. Members who intervened.

I shall speak first about the specific case, on which the agency has fully briefed me. It is a difficult one and I am sure that hon. Members appreciate that I am constrained in the comments that I can make on specific cases. However, I always welcome the opportunity to discuss child support issues and to lay out the steps that the Government are now embarked upon to address in the long term the current performance shortcomings to which my hon. Friend referred.

The case illustrates the complex and lengthy processes that are often involved in securing maintenance for children. Miss Rennie has been seeking maintenance for her child through the CSA since its inception in the early 1990s. She has experienced a number of problems that have thwarted progress in the agency's attempt to secure maintenance.

The complex system for calculating maintenance that was in place when Miss Rennie first made her claim has led to a number of different maintenance assessments. However, the two individuals involved have also played a part. Claims and counterclaims by Miss Rennie and her ex-partner, mainly in relation to his income, also led to a number of revisions of both the weekly assessment and the level of outstanding debt.

Although I acknowledge that Miss Rennie has not received from the agency the level of service that she had a right to expect, it is clear that the agency has tried a number of different ways to secure the money owed by the non-resident parent. Two liability orders have been obtained in respect of maintenance owed, the first in August 1995 for more than £4,000 and the second in October 2002 for more than £12,000, and a range of enforcement measures have been used or attempted. They include a charge for payment in January 2003, the registration of letters of inhibition in May 2003, an attachment to attempt to seize a vehicle in June 2003, arrestment to freeze a bank account in August 2003 and orders for deduction of earnings in December 1993, in November 1994, which was revised in February 1995, and August 2001. All those attempts took place before the recent sheriff's judgment on further enforcement action.

Although there have been a few brief periods when maintenance was paid—mainly in September 1998 and between January and March 2003—in addition to the informal payment of pocket money to the child, it is clear that overall Miss Rennie has not achieved the outcome that she was looking for. The question is: why has that happened? It is clear to me that the agency could have acted more quickly, but I do not believe that it can be held solely responsible for failure to obtain maintenance.

When looking at individual cases, we must first consider whether parents are facing up to their responsibilities. It is not the responsibility of the CSA to provide maintenance to children. That responsibility lies with the non-resident parent. If non-resident parents met all their financial responsibilities, there would be no need for the agency to exist. Too often, debates about child support cases focus on the poor performance of the agency when the underlying issue is whether the non-resident parent is meeting their obligations. In the most recent sheriff court judgment in this case, the sheriff found that Miss Rennie's ex-partner had

"neither wilfully refused nor been culpably negligent in not paying the sum due".

The implication of that is that Miss Rennie's ex-partner has not been avoiding his obligations, but has been unable to meet them due to his financial position.

It is not the normal procedure for the parent with care to be called at the court hearing because the action is taken on behalf of the agency. Information was being gathered continuously from her and the agency case was presented by a specialist solicitor, but the sheriff accepted that the witnesses who spoke on behalf of the non-resident parent in ascertaining his income level were credible. As the judgment stands, the agency is unable to enforce the recovery of the outstanding debt.

I am sure that Miss Rennie has a view about the sheriff's ruling, as does my hon. Friend. I sense that their dissatisfaction may now be directed more at aspects of the Scottish legal process than at the agency, but I am sure that my hon. Friend will appreciate that it would be inappropriate for me to comment on that.

Mr. Donohoe: Surely it is common sense to say that the person who is best versed in the case was Miss Rennie. It is clear that there is a serious fault in the system. Would it not be better when an application is made to the sheriff court or High court that the individual who is most aggrieved is present in court and, at the very least, asked to make some comment?

Mr. Plaskitt: I should not stray into the realm of how legal systems operate because that would be inappropriate. I have read through all the details of Miss Rennie's case and reviewed others as well. It is not the normal practice for the parent with care to attend court. However, it is the practice that the solicitor representing the agency in such hearings is usually in regular contact with them to collect the relevant information to pursue the case in the court. After all, the agency goes to court

[Mr. Plaskitt]

to take action because it wants to act on behalf of that parent. It usually gets to that point because it has exhausted all other attempts to obtain money from the non-resident parent.

Mr. Jenkins: I should like to take the Minister back about two and a half minutes. I cannot believe that he made the statement that he made then. He said that many people were critical of the CSA but that it was not the CSA's fault—it is the fault of the absent parent who is not a law-abiding, upstanding, righteous individual. That is almost like the Home Secretary standing up in the Chamber and saying that we would not need the police, prisons, enforcement or legislation if there were more honourable, law-abiding citizens who obeyed rules and regulations. Of course, we do have the police service, prisons and laws because we do not have such a situation. The Minister cannot come here and pretend that the problem is not with the CSA but with that difficult bunch out there. You were set up to deal with that difficult bunch.

John Cummings (in the Chair): Order. I am not dealing with anything.

Mr. Plaskitt: I entirely understand my hon. Friend's strength of feeling. I can answer as a Minister, but I am also a constituency Member of Parliament with my own CSA case load, and I am as aware as he is of the pressures. My point was that there would not be a requirement for an agency if parents always met their responsibilities when they split up or a relationship ended. He is right; the agency exists because some parents will not face up to their responsibility, and intervention is needed to make them do so. The agency has an enforcement role.

My hon. Friend and others will know from their case load of the extraordinary lengths to which some non-resident parents will go to evade responsibility. The agency has a certain armoury of powers to go after non-compliant, non-resident parents, but whether it has enough powers or uses them to the fullest possible extent are questions that must be answered. In a recent statement in the House, my right hon. Friend the Secretary of State said that the CSA is not fit for purpose—we all accept that. One of the areas where it has failed and let down parents is by not having a sufficiently successful record in ensuring enforcement on the non-resident parent. I shall explain in a moment what action we are taking to try to improve the agency's performance in respect of enforcement and what we can do in the longer term with the successor agency or body to strengthen that role and ensure compliance of non-resident parents.

Mr. Donohoe: In replying to my hon. Friend the Member for Tamworth (Mr. Jenkins), the Minister indicated that the CSA depended very much on the responsibility of the absent parent. The absent parent in Miss Rennie's case has been served notices at five different addresses but has not responded to any of them. It is clear that that person is not normal, as one might suggest. It is obvious that he is trying to evade any responsibility as a parent, and that is surely the difficulty that must be addressed when we consider what alternatives to put in place.

Mr. Plaskitt: That is why the agency resorted to going to court in that case. It is not for me to comment on the sheriff's judgment—that is for others to comment on, and I am aware that they have. The agency can take the action to court, but it cannot determine the conclusion that the sheriff might reach.

The case that my hon. Friend the Member for Central Ayrshire raises illustrates one of the many reasons why my right hon. Friend the Secretary of State concluded that the present system was not fit for purpose. The CSA was set up to replace a court system that was slow and complex, and which did not deliver for parents caring for children. Unfortunately, most of those complaints have also been levelled at the agency.

Throughout the agency's history, there has been an endless stream of negative stories and a constant flow of letters and calls from the public to the agency and to MPs pointing out its manifest failings. I have asked my officials to consider whether anything further can be done in this specific case, and I shall write to my hon. Friend when I have had a response.

Turning to the broader issues that my hon. Friend and others have raised, last year we asked the newly appointed chief executive of the agency, Stephen Geraghty, to conduct a root-and-branch review of the agency's operations. From his findings, we concluded that the current system was incapable of delivering the outcomes that we all desire from a child support agency. The problems are not just in how the agency operates, but in the policy and legislative framework that is supposed to support it. We therefore asked Sir David Henshaw to redesign the system. The terms of reference for the redesign have been drawn as widely as possible to allow all options for reform to be considered fully.

My hon. Friend asked about involvement of and consultation with other people. Sir David has already written to all Members of the House asking for their views. If my hon. Friends have not received the letter, I encourage them to give their views to Sir David Henshaw if they wish. He has also already formally been in touch with Opposition spokespersons for Department for Work and Pensions matters, and is expected to report to Ministers later this year.

In addition, we recently published an operational improvement plan that sets out how the agency will turn around its performance over the next three years. The £90 million investment will support the recruitment of more staff and the deployment of more staff to processing work, particularly enforcement. We will quadruple the number of staff who are dedicated to enforcement activity from just over 500 to 2,000 by 2009, with an aim to raise compliance from the 65 per cent. that is achieved at present to 80 per cent. by March 2009. We shall also consider the use of data from credit reference agencies and from Revenue and Customs.

A further £30 million will be invested in using private debt collection agencies to recover more than £100 million of historic debt during the three years of the plan. That will also allow us to draw on the expertise of the private sector. Work has already begun on introducing those improvements and will continue while Sir David is producing his redesign of the whole agency.

In conclusion, I believe that all Members of the House continue to support the original objectives of the CSA. The measures that we have announced are an important step towards improving the present arrangements and, critically, putting in place the foundations for a child support system that will have a better chance of meeting those objectives in the long run.

Mr. Donohoe: Will the Minister give some indication of how he intends to address the issue of the self-employed?

Mr. Plaskitt: I am grateful to my hon. Friend for reminding me of that. I believe that in his experience and that of every Member of the House, myself included, some of the most intractable cases that present in our surgeries are of exactly that nature. The non-resident parent, who may have been in employment, voluntarily goes into self-employment and then uses all manner of devices to conceal their income level. My hon. Friend will know that parents with care who have evidence of that can ask the agency to revisit and investigate if there is evidence that living circumstances do not equate to declared income, but that is difficult for the agency, and we all know that there are plenty of devices that people in self-employment can use in an attempt to evade responsibility. We have specifically asked Sir David, in reviewing how a future agency might work, to reflect on what can be done to give us more leverage against people who are trying to evade their responsibility. It is part of the wider enforcement issue.

The present system is not working, but it is time to learn the lessons from the past and to look to a new system to ensure that parents meet their responsibilities to support their children.

World Poverty

1.30 pm

Ann McKechin (Glasgow, North) (Lab): As we are all aware, 2005 witnessed the unprecedented Make Poverty History campaign, with global calls to take action on debt relief, increased aid and trade justice. As my hon. Friend the Minister will no doubt mention, substantial progress was made on the first two of those demands, and the Government should rightly take credit for that. However, the issue of trade justice still waits to be resolved.

Those developments have created new opportunities to tackle global poverty, but the debate has moved on this year to the question of the best ways of achieving a sustainable route out of poverty. The Department for International Development's current policy review, which will lead to the anticipated White Paper this summer, should look at three macro-economic priorities: economic growth to create real employment for local populations; durable and sustainable tax systems to achieve a route out of aid dependency; and social protection systems to ensure that the most vulnerable in society can benefit from development progress. Those are weighty issues so I shall focus on the latter, although it is not unconnected to the other two or, for that matter, to the thorny issue of fairer world trade.

As the Minister will be aware, I visited Malawi with fellow members of the Select Committee on International Development a few weeks ago. One of our first visits was to a food aid programme that had been set up to cope with last year's partial failure of the maize crop, which forms a staple part of the country's diet. The system was being run—fairly efficiently, I might say—by a non-governmental organisation, with financial assistance from our Government. Indeed, almost 5 million people in Malawi currently benefit from such schemes, and famine has been prevented. However, I was reminded of a comment that Professor Jeffrey Sachs made when he visited Westminster last November. He said that people who visit Africa frequently comment that they can see little evidence of progress on the ground. According to Professor Sachs's figures, $38 per person was spent on development assistance to Africa in 2003. However, the cash flow that is released and which reaches the ground in sectoral investment is much lower than that figure suggests. Of that $38, $4 goes on emergency aid for food, $10 goes on what Professor Sachs terms debt relief accountancy and another $6 goes on technical co-operation, which he believes does relatively little for the developing world. On that basis, the real figure is reduced to $17 or $18 per person per annum for investment. That stands in contrast to the $70 per capita that Professor Sachs calculates is necessary to pull Africa out of poverty.

It is very likely that all the people we met on that food programme in Malawi faced malnourishment consistently and regularly, as did those who just failed to qualify for such schemes. Crop failures are nothing new, and with increasing signs of global warming they are likely to increase. However, we still appear to rely on methods that were considered outdated in our own country by the 19th century and which work on the underlying theory that we cannot trust the poor with cash. That is not to say that the current aid spending

[Ann McKechin]

priorities are not important. Improving Government capacity at the upper levels is vital, and investment in major infrastructure and economic development is essential. Improving agricultural production in countries such as Malawi is a key long-term objective, while tackling corruption and inefficiencies in regulation must be a main priority. However, many people are falling behind and have witnessed precious little progress throughout their lifespan.

In its recent practice paper on social transfers, which was printed last October, DFID states that the number of people living on less than $1 a day is projected to rise in sub-Saharan Africa from 314 million to 366 million. Deaths from AIDS continue to rise over the next 10 years, leading to an increase in the number of orphans from the present level of 43 million. Only yesterday, Save the Children highlighted the fact that among 15 to 24-year-olds in sub-Saharan Africa, young women are six times more likely than men to be infected with HIV/AIDS.

Although change at the top of Government and in state institutions is essential, we also need to refocus our efforts on the ground to provide protection for the elderly, the disabled and children if we are to achieve the first millennium development goal of reducing the number of people living on less than $1 a day. There is growing evidence that the use of cash transfers as part of comprehensive social protection systems, which are grounded not in simple charity but in a human rights approach, can play a key role in reducing poverty and vulnerability.

In its report "Age and security", which was published in 2004, Help Age International showed how poverty in old age impacted on the whole family. In South Africa, one in three households is headed by an older person. In 66 per cent. of those households, older people care for children. The impact of AIDS means that the role of older people is changing rapidly. Many are acting as the main family breadwinner and caring for sick adult children and orphaned grandchildren. Some of the older people I met in Malawi also informally adopt orphan children when they have no children of their own.

The social pension scheme in South Africa has reduced older people's poverty by an astonishing 94 per cent. and the poverty of the population as a whole by 12.5 per cent. Research shows that even very low social pensions are extremely valuable to poor, older people. The fact that the payments are consistent and regular allows households to put money aside for emergencies and to invest in their children's health and education. That reduces their vulnerability in the event of a crisis and significantly reduces the risk of their remaining permanently stuck in absolute poverty.

A further report, which was commissioned by Help Age International, Save the Children and the Institute of Development Studies and issued last year, reviewed cash transfer schemes in 15 countries across east and southern Africa. It showed that most of the schemes had transparent eligibility criteria and were accepted as fair by community members. Those who support vulnerable children and community members are often poor themselves, so social transfers can help to reduce the burden of care. The study showed that, rather than creating dependency, cash transfer schemes are a crucial response to rising dependency ratios in the context of high HIV prevalence.

For children, specific payments that are dependent on school attendance or health care have proved successful in many south American countries. In Mexico, for example, the Opportunidades programme has showed impressive results, with improved health care for under-fives and increased school enrolment for girls, and the growth rate for 12 to 36-month-old infants has risen by 16 per cent. That last statistic is important because infant malnutrition often has an irreversible effect on life expectancy, and targeting vulnerable children, particularly in that age group, is key not only to their own long-term survival, but to that of future generations.

Clearly, many political and financial decisions will shape the size and type of social protection. However, it should always be remembered, as Plan UK noted in its report "Ending Child Poverty and Securing Child Rights", which it released last October, that

"the most marginalised and the chronically poor typically lack a voice, organisation and political capital."

All too frequently, the voices of women and, to an even greater extent, children are undervalued in decision-making processes. Donors, including DFID, need to play a part in bringing the solutions that I have outlined into the poverty reduction debate. Such schemes not only give poor people dignity and choice in their everyday lives, but form an important social contract with Government that helps to improve state accountability.

Schemes also need to suit a country's individual circumstances. For example, payments dependent on children's school attendance or on attending health facilities have not been as successful in Africa as in south America, perhaps owing to the lack of adequate facilities, which have not been able to cope with increases in demand. Identifying the vulnerable children can be difficult in countries where births are not registered, or where there are urban street children or child-headed households.

Cash transfer schemes need to be integrated into a comprehensive package of social protection measures that involve scaling up pilot projects, providing the necessary capacity to achieve effective delivery and institutionalising those measures within Government structures. The social contract between citizen and Government must be upheld and cannot be viewed just as a donor-driven experiment that can be abandoned when the project cycle ends.

Securing sustainable funding for such systems is obviously crucial, but evidence that DFID presented last year shows that although the costs are not insignificant, they are affordable if the political will exists, even for many of the poorest nations. The cost of scaling up the Kalomo pilot cash transfer programme in Zambia to the national level, to provide the poorest 10 per cent. of households with around 50 cents a day, would be about $20 million a year, or just less than 1 per cent. of the 2005 Zambian Government budget. Similar schemes in sub-Saharan Africa could be achieved in most cases with less then 5 per cent. of existing development assistance.

The current increases in donor aid, which are based on much longer-term and predictable commitments, now allow Governments in sub-Saharan Africa and other poor parts of the world seriously to consider such initiatives on a wider scale. Obviously such schemes need to be linked with policies to increase taxable income streams, so that in the long term they can provide funds from their own resources.

I mentioned the link between social transfers and trade justice. Sadly, in the current trade discussions there is far too little debate about how trade should link with labour policies. Increasing globalisation and industrialisation lead inevitably to more "churning" of jobs. If we are to encourage workers in emerging economies to take risks, we must also consider the need to provide basic social protection during periods of unemployment, so that they are less vulnerable to financial disaster and better able to make use of new opportunities created in the labour markets.

In the approach to the White Paper, the Secretary of State for International Development has placed emphasis in his speeches on the need to look at fundamental rights, such as social payments. I very much welcome his thinking on that. I hope that we can use the principles of social protection that we developed to such success in the 20th century in our new policy approach. I should be interested to hear from my hon. Friend the Minister how his Department hopes to take such initiatives forward in the coming years.

1.43 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): I congratulate my hon. Friend the Member for Glasgow, North (Ann McKechin) on securing the debate and more generally on her work on the International Development Committee and as chair of the all-party group on debt, aid and trade. I share her view that we made substantial progress on debt and aid last year. We saw important progress for the very poorest nations of the world at Hong Kong. However, like her, I hope that we shall see more substantial progress on securing the outcome from the Doha development round of World Trade Organisation talks that we all want.

I have been interested in social transfers ever since I visited the Germiston township just outside Johannesburg to see a project that DFID was funding and which Christian Aid ran. The project supported a number of women in the township and provided support to those living with HIV/AIDS. The scheme helped to ensure that orphans got into school and—crucial to this debate—that elders in the community were provided with support to access the pensions that are available in South Africa. Those pensions make a fundamental difference to the lives of elderly people in that community helping to look after those who have been orphaned by HIV/AIDS.

My hon. Friend's contribution in this debate is particularly timely, building on the attention generated by the Department's paper on social transfers, which was published in October 2005, and on what was more recently expressed in the UNICEF and DFID-hosted global partners forum on AIDS-affected children, which also considered how social transfers might best help those orphaned by AIDS.

As my hon. Friend rightly said, the Department is preparing a new White Paper on international development. We are exploring a range of options and I shall take her comments about meaningful work on economic growth, tax systems and social protection systems as a contribution to the consultation process on that White Paper. My right hon. Friend the Secretary of State has already made it clear that further work on economic growth will be a key part of DFID's work going forward. I accept my hon. Friend's point about the need to support developing countries to do more work on tax systems—I would see that as part of the broader work on governance—and social protection systems. There is a debate going on in the Department, and more generally with NGOs, parliamentarians and so on, about the role that social protection and social transfers can play.

My hon. Friend drew attention to a number of countries where social transfer systems are already in place. Bangladesh and Nepal have social pensions, and Mozambique has had a social transfer programme since the early 1990s. There is no question in my mind or the Department's but that social transfer schemes have a role to play. The idea that poor people cannot be trusted with money, which my hon. Friend described, certainly has no traction in DFID or on the Labour side of the House generally. If there were any doubt, the appetite for micro finance and the success of micro-finance institutions around the world should have put that to bed. The success of social transfer programmes also provides powerful evidence of that point.

There is an issue, however, about the speed at which social transfers are introduced. If it happens too fast, it can overwhelm local capacity and often undermine broader civil service reform initiatives. A gradual expansion, from smaller initiatives and pilot projects, has proved to be effective, not least in Brazil and Mexico, which are two of the examples that I think my hon. Friend mentioned. We see our role as providing finance and helping to build the capacity of the developing country Government to put in place social transfer schemes.

My hon. Friend will be familiar with the Commission for Africa, which recommended in its final document that donors should commit to long-term predictable funding of national social protection strategies with some $2 billion a year immediately, rising to $5 billion to $6 billion by 2015. We are seeking to build a consensus on the adoption of such commitments. As part of our work following last year's publication of the social transfers paper, we are developing a handbook to provide guidance and advice for developing country Governments and for our staff who work on such projects on the setting up of social transfer programmes, drawing on good and bad experiences from around the world. I hope that that will be ready towards the end of May and that my hon. Friend will see it as a tangible demonstration of the fact that the Department wants to take such work forward.

My hon. Friend is also right to highlight the scale of the challenges that face us in tackling poverty, which is demonstrated by many statistics, not least that half of Africa's children live in absolute poverty. A daily reality

[Mr. Gareth Thomas]

for many of the families wherein those children live is the constant worry as to whether the children will go to bed hungry or have to miss school because they cannot afford the user fees, and whether they can afford to go to the clinic and access the necessary medicines when they are ill.

Hundreds of millions of families worldwide live with those uncertainties, and are unable to care properly for their children or plan properly for their future. They cannot access the fundamental human rights to social security and an adequate standard of living. In that context, social transfers have a huge potential role to play in helping to reach poor families with regular and predictable grants of cash or food over a period of years.

My hon. Friend rightly pointed out that social transfers are not new. In the UK, our poverty rate would probably be three times higher if we did not have a national, tax-funded system of social transfers. In the past 10 to 15 years, middle-income countries such as Brazil, Mexico and South Africa have put in place national social transfer programmes. The most common schemes are non-contributory old-age pensions and programmes that provide cash transfers to support children and their families. In Brazil, the Bolsa Familia cash transfer programme aims to reach a quarter of the population by the end of this year.

Evaluations of existing social transfer programmes suggest that their impact has been pretty impressive to date. They have transformed the lives of millions of households and increased the incomes of poor households—significantly, in some cases. The evaluations show that in South Africa and Mexico there have been major impacts on early childhood development, with young children being significantly taller than they would have been. Clearly, the health and education of the poorest families has improved as a result of the programmes.

Evaluations of the effects of such programmes in Mexico, Brazil, and South Africa show that people are healthier as a result of their improved nutrition and greater ability to travel to and access health services and buy medicines. School attendance among those who benefit from social transfer programmes has also risen as families use the cash to send their children to school. Given the success of such programmes in middle-income countries, it is clear that well-implemented social transfers have a role to play and could have a similar impact in the world's poorest countries.

My hon. Friend might know that last October I travelled with the Minister of State, Department of Health, my hon. Friend the Member for Doncaster, Central (Ms Winterton), to Zambia and then Malawi. We were in Zambia at the start of a small pilot scheme, to which my hon. Friend the Member for Glasgow, North referred, that provides 1,000 households with up to $8 a month, which is beginning to demonstrate the potential of social transfers in the world's poorest countries. The early results of that scheme show that families are eating more meals, fewer people are dying, health has improved and there has been a significant increase in school attendance.

In Bangladesh, a social transfer programme that we fund has resulted in a 70 per cent. reduction in the number of families without enough to eat.

My hon. Friend talked about children who are affected by AIDS, and the potential for support to carers. Given the severe challenge that HIV/AIDS poses in sub-Saharan Africa, where the number of AIDS orphans is projected to rise to 18 million by 2010, we certainly believe that social transfers have a huge potential role to play.

Let me give a personal example of the difference that social transfers make. In Zambia, a 50-year-old widow called Jesinaya Kambanje, who cares for eight children who have been orphaned as a result of HIV/AIDS, has been able to access the social transfer pilot programme. The children used to go hungry and she was often forced to beg from her neighbours. Now, as a result of the pilot, she can buy maize and vegetables for the children, and when one of them was ill she was able to take her to hospital and buy medicine to support her.

Social transfers can provide millions of children with a future. They are an investment by the state in its poorest citizens. I agree with my hon. Friend's point that by sharing wealth, the state creates wealth. As a result, children can grow up free from hunger, better educated, and healthy enough to become more productive members of society, in turn providing poor countries with more competitive work forces. By directly channelling cash to poor people, the state is recognising that poor people know best how to care for their families. The evidence suggests that they spend that cash well. As my hon. Friend says, they can be trusted to spend money appropriately and in a way that suits their needs.

Supporting human development is not the only way in which social transfers contribute to economic growth. As well as providing poor people with security and the knowledge that they can provide their children with the essentials for life for the foreseeable future, social transfers encourage adults to invest in new business opportunities. In Mexico, beneficiaries of the Progresa programme—to which my hon. Friend referred—spend, on average, a quarter of their social transfer payment on investment in micro-enterprises, giving, on the basis of the evaluation that we have seen, high returns up to 50 per cent. In Zambia, Jesinaya used her transfer to buy two chickens to invest in production, and is planning to purchase a pig. My hon. Friend will recognise that there is potential for Jesinaya to make more money as a result of those investments.

The criticism that social transfers create dependency is not a valid argument. In South Africa and Brazil, recipients of social transfers are more likely to be in work than those without a transfer. That might be partly because the extra cash means that poor people are better able to cover the costs of finding work and more likely to keep their jobs due to their improved health. There is also evidence that cash transfers help to stimulate local economic activity by increasing purchasing power, particularly in areas where the economy is weak.

Ann McKechin: Does my hon. Friend agree that social payments establish—for the first time in many cases—a direct relationship between the poorest citizens and the state because they act as a contract of payment, and that that helps to strengthen the democratic accountability of the state to its citizens?

Mr. Thomas: I certainly agree that it helps to encourage the relationship between the citizen and the

state. One hopes that it is not the first time that there is evidence of that relationship, and that direct democracy provides that first opportunity. However, I accept my hon. Friend's point that it helps to cement the relationship and give the poorest citizens confidence in the ability of the state to help them, and that it helps to build social cohesion in the poorest communities in that way.

Another argument that is often made about social transfers is that they cost too much and cannot be afforded. My hon. Friend referred to studies on this issue. A recent study conducted in seven African countries suggests that most countries could already afford a minimum package of social security, if it were a political priority. In all but one of the countries, a transfer equivalent to half a dollar a day to 20 per cent. of the population could be financed by less than 10 per cent. of donor assistance. A study by the International Labour Organisation suggests that if that initiative were rolled out across sub-Saharan Africa, it would cost $1.5 billion annually, which is a relatively small sum when set against the commitments made last year to scale up donor assistance.

It is not easy to implement social transfer programmes, because many countries have weak capacity, but it is clear from the experience across a range of middle and low-income countries that it is possible—

It being Two o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Wednesday 22 March 2006

[MR. MIKE WEIR *in the Chair*]

Ministerial Accountability

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watson.]*

9.30 am

Mr. Mike Weir (in the Chair): Before we start, I should point out that there are three clocks in the room, each showing a different time. I intend to operate by the clock straight in front of me and behind me.

Mr. Mark Harper (Forest of Dean) (Con): It is a pleasure to open this debate under your chairmanship, Mr. Weir. I have never seen a happier Whip than the hon. Member for West Bromwich, East (Mr. Watson) when the Deputy Leader of the House arrived in the nick of time. It is good to see him in his place and to see my right hon. Friend the Member for Maidenhead (Mrs. May) on the Opposition Front Bench.

For any colleagues who do not know, it might be helpful to set out what the debate is not about—or at least what I do not intend it to be about. It is not about ministerial accountability as it relates to the ministerial code. The debate is about Ministers being accountable to the House and by so doing making the House of Commons and Parliament more relevant to the general public and perhaps getting better coverage in the media. Before moving on to some suggestions on how to do that that I believe are worth at least considering, it will be helpful to set the scene and lay out the problem as I see it.

We are all aware that in the 2005 general election turnout was a little higher than in 2001, but it was still the second lowest since 1918. Turnout has decreased by more than 15 per cent. since 1992, which should worry all of us who believe in democracy and the importance of Parliament to our political process. The late Robin Cook is quoted in Lord Puttnam's report, "Members Only? Parliament in the Public Eye", saying:

> "The problem is not that the British people have no opinion on the issues of the day, but that more and more of them no longer feel ownership of their parliamentary democracy, or believe that its political culture can solve the problems of their lives".

That is true. All of us talk to constituents, correspond with them and meet them at surgeries, so we all know that people are passionately interested in the issues. There is a range of subjects that energise our constituents, from local, domestic concerns right up to the great, global issues of the day. Constituents are engaged in political debate; the problem seems to be that they are just not very interested in Parliament.

The Power report contained some interesting statistics about political engagement. It found that, in a 12-month period, 62 per cent. of the population had donated money to a political or a campaigning organisation, 30 per cent. had helped to raise money for a political or a campaigning organisation, 42 per cent. had signed a petition, 25 per cent. had contacted a public official and 13 per cent. had contacted a politician to change laws or policies. That evidence tells us that the citizenry are engaged and intervening in the political process, which makes it even more surprising that turnout in elections is falling. The easiest thing for people to do is to go along, put a cross on the paper and put it in the ballot box or fill out a postal ballot paper.

Campaigning organisations such Friends of the Earth, Greenpeace, the National Trust and the Royal Society for the Protection of Birds have seen their memberships grow in the same period as electoral turnout has declined. The Countryside Alliance demonstration, the demonstrations about the Iraq war and the Live 8 event were three of the best attended political events in the UK's history, so why, at a time when people seem more politically active, although not in the traditional party political way, do we see less involvement in elections and traditional party activity? Is it a matter of the perception of Parliament and whether it is relevant to those questions, or is it to do with the conventional political approach to addressing the issues?

One factor could be awareness of the important role that Parliament plays. The Power report's work demonstrates that that might be the case. The report states:

> "More media and especially television coverage is essential in order to make people more aware how central politics is to everyday life and the big questions."

Its most important finding was that the view of the majority of people talked to was that basic understanding of our political system and the way in which Parliament worked was very low, leaving people unclear about how to get involved in politics and how to participate in our parliamentary process.

No matter what the public perception is of Parliament, it is—or should be—the place where decisions are made and Government scrutinised. The excellent report published in July 2000 by Lord Norton of Louth and his commission says that one of the core functions of Parliament is:

> "To ensure that the measures and actions of government are subject to scrutiny on behalf of citizens and that the government answers to Parliament for its actions."

With Ministers attending Parliament less frequently than I would like them to, it is difficult for Members to scrutinise them on a regular basis. This is, I hope, the only party political point that I shall make, but it needs to be pointed out that the Prime Minister's attendance at Parliament is even worse than other Ministers'. The report of Lord Norton's commission states:

> "Evidence of prime ministers taking Parliament less seriously than before is to be found in the amount of time they spend in the House of Commons. Proximity is important and prime ministers are now relatively infrequent attenders."

The report continues:

> "The present incumbent, Tony Blair, has a particularly poor record of attendance. He is rarely in the House, even for the purpose of voting."

We need say no more on that.

The Deputy Leader of the House of Commons (Nigel Griffiths): I think that we do need to say more, because that is clearly a partisan and ill-informed comment by someone who is usually better informed. Does the hon. Member accept that the Prime Minister has made more statements

[Nigel Griffiths]

to the House and on more issues than any recent Prime Minister, thus being very accountable in the House of Commons to all Members, including himself?

Mr. Harper: The Prime Minister certainly has made a number of statements, but he chooses when to make statements and he does so for his own reasons. I have in mind issues over which he has less control. It was noticeable that the very first thing that he did when he was elected to Government was to change the frequency of Prime Minister's questions from twice a week to once a week. Having Prime Minister's questions just once a week, albeit for 30 minutes, makes it much less likely that topical questions will be raised. If questions arise just after Wednesday, by the time we get round to the following Wednesday they have ceased to be topical, as they have been done to death by the 24-hour news media. The Prime Minister thus avoids having to be questioned on those topical issues at a time not of his choosing and in a manner that he does not control. That is not very helpful.

Mr. Andrew Turner (Isle of Wight) (Con): Was it not noticeable that the Deputy Leader of the House did not comment on the Prime Minister's frequency of attendance in the Division Lobbies, for example, where he is accessible to hon. Members, or at least to Labour Members and occasionally to Opposition Members?

Mr. Harper: That was noticeable. We know some good examples of critical votes for the Government for which the Prime Minister was not present. Lord Norton talked about proximity; one of the important things about voting in the Division Lobbies, particularly for Government Members, is that it is really the only opportunity that most Back Benchers get to buttonhole Ministers, especially the Prime Minister, and raise with them issues of the day and their constituents' concerns in a free and frank way. There are few opportunities to do so during the rest of the week, because the Prime Minister of necessity has a busy schedule. We recognise that Prime Ministers have many calls on their time, but previous incumbents of that office, of both parties, made a bigger effort to attend the House and were more accessible to their Back Benchers—sometimes more accessible than they would have wished. That is something that we need to look at again.

There is an increasing feeling that decisions are frequently made in private and announced, dripped out, or leaked to the media, and that Parliament has become increasingly sidelined. In his report, Lord Norton says:

"The media revolution"—

the move to 24-hour news—

"has benefited government but not Parliament."

The report continues:

"Ministers use the media for making policy announcements",

but the

"exploitation of the media by ministers has been at the expense of Parliament."

It points out:

"An interview on the BBC Today programme reaches a mass audience, is not subject to questioning for 30 or 40 minutes, and helps set the agenda for the day."

Despite the best efforts of Front Benchers and the Speaker, on many occasions policy announcements and suggestions have found their way into the media before being announced to the House. For example, proposals that the Chancellor of the Exchequer may make in his Budget statement have been well trailed in the media in the past few days. None of those should be in the media, and if the speculation turns out to be well informed, we will wonder how the information got there.

The Executive have grown too powerful at the expense of Parliament. There are a couple of quotes in the Power report that bear repeating. The first is from the hon. Member for Crewe and Nantwich (Mrs. Dunwoody), who said:

"Parliament has run away from its responsibilities in the sense that it should not allow its programme to be decided by the Executive."

The second is a contribution from my hon. Friend the Member for Buckingham (John Bercow), who said:

"My impression is that for at least two decades and possibly quite a lot longer, government control of parliament has been increasing . . . and ought to be diminished."

It seems as though Parliament only ever features in the media when there is a contentious vote, such as the recent vote on the Education and Inspections Bill, or at Prime Minister's questions. Those of us who regularly attend the House know that neither of those situations is particularly typical of the extensive work that goes on in the main Chamber, this Chamber or in the Committees of the House.

It is not the role of John Humphrys or Jeremy Paxman to hold Ministers to account. Although they can and do perform that task effectively, it is a task that belongs to the House of Commons and its Members. There is a vital role for the media in relaying and explaining to the public, but Parliament must have the first bite of the cherry. There are many ways in which that could be done. I am sure that all hon. Members who contribute to the debate will have their own ideas and I do not expect there to be a great deal of agreement with my humble suggestions, but I think that they are worth considering.

When I looked at other Parliaments, I was struck by a possible solution. In Australia, to pick a country at random, the parliamentary system is relatively similar to ours. There, it has traditionally been expected that all Ministers who are members of the House of Representatives will be present at Question Time, which takes place every day that the House sits, unless they are ill, overseas or engaged on urgent public business. At one point, they introduced a rota system whereby Ministers had to attend only on certain occasions, but they dropped it after one Session. Therefore, in Australia, all Ministers, including the Prime Minister, are available every day to attend and answer questions.

Compare and contrast the Australian system with ours, in which oral questions, which are the only opportunity that Members get to question Ministers on detailed departmental matters, take place only about once a month for each Department. I suggest that we should move toward the Australian system. I do not propose that we should go all the way—Ministers and potential Ministers would probably be horrified at the

idea of having to come to the House of Commons every day—but I believe that there is a balance between our system and the Australian system that would enable us to increase ministerial accountability.

Nigel Griffiths: Like me, the hon. Member has looked at the Australian system very carefully. What debate did he find most enlightening in terms of the proposal that he makes?

Mr. Harper: I am sorry; I do not follow the Minister's question.

Nigel Griffiths: What did the hon. Member observe in the Australian Parliament—which specific debate or Question Time—that best illuminated the issue? I must say that I found it difficult to find one.

Mr. Harper: The strength of the Australian system arises from the fact that the Prime Minister and senior Ministers have to attend every day and questions are put without notice. Other methods might be more suitable to the way in which our business is done, but in the Australian system, if there are questions of the day or topical issues, rather than hold them over to be dealt with when the appropriate Question Time arises, the Prime Minister can be questioned on them that day by members of the House of Representatives. In these times of a 24-hour news media, such questions are of no interest to the media when, through a parliamentary process such as ours, the formal opportunity to ask questions comes along. In the Australian system, rather than an issue being discussed purely by the broadcast media and in conversations in TV studios, with Ministers being questioned by journalists, the coverage of that issue in the broadcast media that reach people at home will be of the Prime Minister in the House of Representatives answering questions put by Members of that House. The advantage of that system lies in topicality—Parliament is at the centre of the topical issues of the day.

As I said, there may well be other, more appropriate ways to achieve a similar focus in this House, which take into consideration the way in which we traditionally do things. I simply put that example before Members to provoke discussion. Parliament and Ministers need to be more responsive to the events of the day, and Ministers need to be available to Members to respond to current events.

Lord Norton's commission focused on that issue. Some of the recommendations that he made six years ago have been adopted by the Government, which is welcome to the extent that they have been adopted. The commission commented that

"there should be greater opportunity for short debates on issues of immediate importance."

Obviously, this Chamber—Westminster Hall—provides such opportunities, but the commission thought that there was a need for that opportunity to be available in the main Chamber. It also recognised, as other hon. Members and I do, that there is provision

"under Standing Order No. 24 for MPs to seek leave for an emergency debate"

but that that seldom happens. The commission's recommendation, which is worthy of consideration, was that

"there should be provision for MPs to request short 60-minute debates, these debates to take place at the start of public business on the following day",

and that

"responsibility for granting such debates should remain with the Speaker."

That is not to say that that should become the default setting—that we should have such debates every day, but neither should they be hugely infrequent and happen only once every few years. There is a balance in between. If the House were able to discuss topical issues on the Floor of the House at the start of public business—the time of day when there is a chance of influencing and engaging with the media agenda—that would put the House at the centre of public debate, rather than the debate taking place in the 24-hour news studio. That would enable us to set the agenda for the day, rather than follow behind and wait for the process of setting business for the House to allow debate.

My final proposal involves the only mention that I will make of the ministerial code. As I said, an increasing number of policy initiatives seem to be leaked to the media in a stage-managed way. I am sure that the present Government are not the first Government to do that, but the practice has increased. That is damaging because it means that those policy announcements are questioned not by Members of the House, but in broadcasting studios in short interviews, which do not involve 40 minutes or an hour's worth of detailed scrutiny on issues that Members can raise on behalf of their constituents. The final Norton recommendation that I think worthy of note is the recommendation that the ministerial code should place

"a requirement on ministers to make the most important announcements to Parliament"

and making it part of the code to increase the importance of that, and the weight that Ministers should place on Parliament.

If we wrap all those things together, it means considering making Question Time more topical and allowing Members to ask questions without notice of all Ministers; perhaps returning to a system with Prime Minister's questions twice a week for 15 minutes to increase their topicality and so that the Prime Minister would have to respond to issues in the House rather than in some other format; and increasing the frequency with which statements are made to the House. Such moves would increase the significance of Parliament and of Members of Parliament in the public eye, and make us more central to debate. The news media would become more focused on what happens here, not because we want it to be but because we would be at the centre of issues. That would be helpful for Parliament and it would help constituents to engage with issues. We have already been through the numbers of all those who are engaged with political campaigning organisations. They would find voting more relevant, turnout would rise, and this place would be at the centre of national life rather than increasingly marginalised.

9.51 am

Sir George Young (North-West Hampshire) (Con): I begin by congratulating my hon. Friend the Member for Forest of Dean (Mr. Harper) on his choice of subject and on the thoughtful way in which he presented it. He has clearly done all the required reading, including the Power report and the Norton report. I shall develop one or two of his ideas in my speech.

The subject of our debate is every bit as important as that of our debate this afternoon on the Floor of the House. The health of our democracy is as important as the health of our economy. However, I fear that our debate in Westminster Hall might not get the same coverage.

I give the Government some credit for some of the changes that have been made. This debate takes place, metaphorically if not physically, in Westminster Hall. Ten years ago, we did not have Westminster Hall, so the frontier that Ministers have to patrol is now much longer. There have been many high-quality debates in Westminster Hall and I commend that reform. The Prime Minister appears before the Liaison Committee twice a year for up to three hours, which has been an important development in holding to account the most important Minister in the Government. So that the Government do not hoover up all the talent, we have begun to develop an alternative career structure within the House by paying Select Committee Chairmen and other Chairmen. Select Committees have been given more resources to do the work and to hold Ministers to account. The Minister may have other examples of reforms and I do not want to deprive him of all the raw material in his brief.

However, there have been some backward steps as well. For example, the Legislative and Regulatory Reform Bill is a step backwards as it gives more power to the Executive. We have seen a growth in unaccountable special advisers and the erosion of collective responsibility. We have seen the way in which Cabinet is bypassed highlighted in the Butler report, and much else that I am sure that my hon. Friends will discuss when they make their own speeches.

The first question that I want to pose is: who sets the terms of trade between Ministers and the legislature? In other words, who fixes the parameters that determine where power lies? At the end of the day it is Parliament, but one Committee of the House has enormous influence in setting those terms of trade between Ministers and Parliament, and that is the Modernisation Committee. Some of its reforms have been beneficial, and I touched on them, but some, such as the automatic guillotining of Bills, have most certainly not been.

There is to my mind a fatal flaw in the working of the Modernisation Committee, which sets the parameters for today's debate. That is that the Committee is chaired by a member of the Government, and not just any member of the Government, but the Leader of the House—the person appointed by the Prime Minister to drive the legislative programme through the House of Commons. It cannot be right that the Minister tasked by the Prime Minister with the task of getting the manifesto on to the statute book should also be the Chairman of the House of Commons Committee that decides how those Bills should be scrutinised by the House. It is a short circuit of the highest voltage possible in constitutional terms. There is a clear conflict of interest.

The House of Commons needs to regain control of its agenda and provide its own Chairman of the Modernisation Committee, which should probably be merged with the Procedure Committee, with which it has much in common. It should be chaired by a Back Bencher, like every other Select Committee. Until we get that right and until the House seizes control of the Committee that can give power to the Executive or take it away, there will be a serious imbalance in the terms of trade between Parliament and the Executive.

In the time available, I want to touch on one or two ways in which ministerial accountability might be enhanced and to build on some of the suggestions made by my hon. Friend the Member for Forest of Dean. One of the ways in which the Opposition hold Ministers to account is through Opposition days, when either a whole day or half a day is devoted to a subject chosen by the Opposition. When I was first elected, that was a useful way of holding Government to account. The debates were well attended and well reported, and quite often the Prime Minister came into the Chamber to listen to the winding-up speeches. Nowadays, one would be lucky to find any Ministers other than the one who is to respond to the debate on the Front Bench while a debate is taking place.

We need to answer the question that my hon. Friend posed. Is there a better way in which the Opposition can use their time to hold Ministers to account in the slightly different and faster-moving environment in which we work today? I think that there is. Building on what my hon. Friend said, we should swap part of the time allocated to Opposition days for the right to ask a topical question and have up to an hour of questioning Ministers on some topic of the day. As my hon. Friend said, urgent questions can be asked, but they have to clear a fairly high hurdle to get past the Speaker. There are often occasions when the Government face criticism on a matter of public interest and do not volunteer a statement, but the Speaker's threshold for urgent questions is not met. On such occasions, the Opposition should have the right to demand that a Minister come to the Dispatch Box and answer questions from Members of Parliament.

Such occasions might arise when the Government try to get away with a written statement on an issue, but the Opposition feel that more rigorous cross-examination is needed. The Government might make a policy-related announcement outside the House, and we might not get an opportunity to grill the Minister. In such cases, an opportunity for questions would be good for accountability and for the Chamber, as we get more Members in the House for a statement than we do for a debate. There would be more coverage of the proceedings of Parliament if we became slightly more topical in such a way.

Secondly, would the world come to an end if Lords Ministers answered debates in Westminster Hall? We have Ministers in the House of Lords who have departmental responsibilities. A Lords Minister has often been in charge of defence procurement, for example, and Baroness Hollis was in charge of the Child Support Agency for quite a long time. If we want to hold Ministers to account and they have a ministerial

responsibility within a Department, why should they not answer debates in Westminster Hall? There are no votes in Westminster Hall.

Mr. David Heath (Somerton and Frome) (LD): There is a reciprocal view, which might ask why we have Ministers in the House of Lords who are subject to double patronage in their appointment as both Members and as Ministers, and why can Ministers from the elected House not go to the House of Lords to introduce legislation?

Sir George Young: That is the other side of the coin. The hon. Gentleman might want to develop that point, but I would hesitate before poaching on the House of Lords and who their lordships believe should appear before their House. I feel slightly more comfortable suggesting who I would be prepared to see in Westminster Hall. Perhaps I am unduly sensitive, but I think that it would follow from what I have said that Ministers from the Commons should be able to go down the other end of the corridor.

My next point is that if the House is to hold Ministers to account we need enough MPs to do that task. There are now fewer Back-Bench MPs to hold Ministers to account and more Ministers: one third of the parliamentary Labour party are now on the payroll in one way or another. When I first became a Minister in 1979, there were 29 Parliamentary Private Secretaries; there are now 50 and they are out of play when it comes to holding the Government seriously to account. We need fewer Ministers and fewer PPSs to have a more balanced contest.

We also need—I am sorry that the Government Whip is no longer here—to prise the Whips' steely fingers from Select Committee nominations. One of the most regrettable incidents in the previous Parliament was when the late Robin Cook was betrayed by his party and the Modernisation Committee's recommendations on a different way of appointing Select Committees were voted down. We need a rerun of that vote because we cannot have Ministers choosing their inquisitors on Select Committees through the Committee of Selection, which is dominated by the Whips.

My hon. Friend the Member for Forest of Dean mentioned Prime Minister's questions, which I would reform. They are the highest-profile occasions on which Ministers are held to account, but possibly least productive. In one way, they are Parliament at its best, but they are also Parliament at its worst. For many people, Prime Minister's Question Time is the only impression they get of the House of Commons, but at times that impression is of a cross between a playgroup and a farmyard—no wonder that some people get switched off by politics. Things have got better since Parliament has been televised, because fewer MPs want to be seen to be misbehaving. Things have also got slightly better now that we have more women in Parliament—

Mrs. Theresa May (Maidenhead) (Con): Hear, hear!

Sir George Young: With the exception of the Government Chief Whip, women MPs are slightly better behaved and act as a calming influence on the rest of us. After half an hour of Prime Minister's questions, however, one leaves the Chamber wondering whether one has learned anything. I simply wonder whether there is a better way of using half an hour with the Prime Minister than posing a random sequence of questions that vary from the over-aggressive to the over-submissive.

Mrs. May: I suggest that the problem with Prime Minister's questions is not the structure, but the fact that the present Prime Minister does not answer any of the questions that he is asked.

Sir George Young: I think that I am right in saying that in the 1997–2001 Parliament, our hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) analysed the Prime Minister's answers and juxtaposed those answers with the reality—I put it no more harshly than that. He produced a very good publication, which he might like to bring up to date. However, my right hon. Friend is right that our frustration is in part due to the fact that the Prime Minister is often reluctant to give a straight answer.

Of the two issues I want to touch on before I sit down, the first is the royal prerogative. The biggest Executive decision that any Government can make is to take the country to war. The right hon. Member for Birmingham, Ladywood (Clare Short) has proposed bringing the matter more within Parliament's remit. We need to explore that at some point.

The other point, which my hon. Friend the Member for Forest of Dean touched on, is the code of conduct. Ministers are rightly accountable to the House of Commons, but they are also accountable to the Prime Minister through the code of conduct. There are two outstanding recommendations from the Committee on Standards in Public Life in that respect: one has been accepted but not implemented, while the other has been neither accepted nor implemented. Ministers would be more accountable if the ministerial code had some teeth and it was not left entirely to the Prime Minister to decide whether a Minister had transgressed. I remember making a complaint about a Foreign Office Minister who had, in my view, acted outside the code of conduct. I wrote to the Prime Minister, who sent my letter to Robin Cook, who was the Foreign Secretary. Surprise, surprise—he decided that the Minister had not breached the code of conduct. There was a circularity about that, which did not enhance ministerial accountability.

It might be in the public domain, but my right hon. Friend the Member for Witney (Mr. Cameron)—the leader of my great party—has set up a democracy taskforce chaired by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke). I am sure that that taskforce will want to reflect on the ideas produced by my hon. Friend the Member for Forest of Dean and other Members as we develop policy on an important matter that is driving itself fast up the political agenda.

10.4 am

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to speak under your chairmanship for the first time, Mr. Weir. I congratulate my hon. Friend the Member for Forest of Dean (Mr. Harper) on securing this important debate. My right hon. Friend the

[Mr. Peter Bone]

Member for North-West Hampshire (Sir George Young) made a number of points that are taken as read in my book, so I shall touch on other issues.

For a new Member of Parliament, coming into the Palace of Westminster is a thrill every day, and I cannot imagine that it will not still be a thrill if I survive a few more years here. This place is the mother of democracy, where the great issues of the day are debated and decided, and it is a real thrill to be here. I am sure that all new Members agree that the kindness that other Members have shown us is very encouraging. We have been welcomed, and our mistakes have been gently admonished. I should also mention the kindness of the Speaker, who has been very helpful to new Members, and I wish him well on his recovery from illness.

However, four problems have occurred to me that are within Ministers' power to put right if they so wish—there need be no change in the law. The first problem relates to media reports. I am getting a little fed up with phone calls at 8.30 am from some local radio station saying, "Mr. Bone, can we have your comments on the failure of the Child Support Agency and what the Minister has said?" I say, "Actually, the Minister is not making a statement until 3.30 pm." The local radio reporter then tells me—selectively—what the Minister is going to say. A press release might have been issued and embargoed to the media until after 3.30 pm, but if they have had it in advance and are therefore trustworthy enough to consider the matter, why do Members of Parliament not get the same press release, with the same embargo on it, so that we are as fully informed as the media? How am I supposed to comment to the media on something that they have seen, but I have not seen? That would seem to be a discourtesy to Parliament. It might be happening because the news media operate 24 hours a day and have to work that way, but if they can be trusted, why can Members of Parliament not be?

The second problem relates to parliamentary questions, and the Deputy Leader of the House will know the answer to what I am about to say. I assume that when a Minister is appointed, he is played tapes of "Yes Minister", particularly the episode in which Jim Hacker explains to Bernard how to answer questions. He tells Bernard, "If you get a question you don't like, don't answer it. Better still, totally ignore the question and make any statement you want on any matter." That seems to happen rather a lot at the Dispatch Box. Perhaps I am being a little unfair—not all Ministers do that.

Nigel Griffiths: The director general of the CBI told me some time ago, when I was a departmental Minister, that "Yes Minister" was not a comedy programme, but a training video.

Mr. Bone: I am grateful to the Deputy Leader of the House for confirming what I thought. I do not want to make a general accusation that all Ministers behave the same way, but certain Ministers tend to avoid the question that is put to them. Other Ministers, who try to tackle the question however difficult it is, have a high regard in this place and serve Parliament better. I remember asking the Leader of the House a question about a problem with waiting times—a lady had been waiting for treatment for more than a year. The Leader of the House referred to 1,500 extra nurses, 500 extra consultants and investment in my constituency, which did not address the question. I was also a little confused because I do not have a hospital in my constituency where those people might work. That is the sort of thing that frustrates Members in Parliament.

I am just a junior Back Bencher, and I thought that it is simply what happens. Last night, however, I happened to be listening to a debate in which there was an exchange between the Minister for Immigration, Citizenship and Nationality and my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), which illustrated my point rather well. *Hansard* recorded it as follows. The Minister said:

> "In fact, I shall ignore his question too because, if he has not listened to the substance of the debate, it does not deserve a response."

My right hon. Friend then said:

> "On a point of order, Mr. Deputy Speaker. I would be grateful if you could confirm that my question was in order and it would be normal courtesy to answer it."

Mr. Deputy Speaker replied:

> "One thing that the Deputy Speaker does not have to do is get embroiled in the debate itself. Questions may be put and they may be answered in the way that hon. Members and Ministers decide."—[*Official Report*, 21 March 2006; Vol. 444, c. 257.]

Mr. Deputy Speaker's ruling is obviously correct, but it would improve our democracy if we had a little more courtesy and more of an attempt to answer questions.

The third issue, and the one that has concerned me most recently, is accuracy. Before coming to the House of Commons, I always thought that whatever was said at the Dispatch Box was 100 per cent. accurate. However, I have been engaged in a little battle on hospital waiting times. The Prime Minister said in November that no one was waiting more than six months for an NHS operation. He repeated that two weeks ago, yet in November, December and January all the latest figures showed that there are people waiting more than six months for an NHS operation.

I have raised the issue in points of order and parliamentary questions. I have written to the relevant Minister and to the Prime Minister. I thought that that would be enough to end what I can only say has been the less than 100 per cent. accuracy on the issue, but only the day before yesterday the Minister of State, Department of Health, the right hon. Member for Liverpool, Wavertree (Jane Kennedy), repeated the statement. I raised a point of order and this is how *Hansard* records it:

> "On a point of order, Mr. Deputy Speaker. Yesterday the Minister of State, Department of Health, the right hon. Member for Liverpool, Wavertree (Jane Kennedy), said in respect of NHS operations
>
> 'no one waits more than six months' . . .
>
> Yet on 13 March, in reply to a parliamentary question, the same Minister stated that 74 people were waiting more than six months for their operations. Has the Minister of State given any indication that she will come to the House to make clear which statement is correct?"—[*Official Report*, 21 March 2006; Vol. 444, c. 169.]

That may not be the most important issue in the world, but if Ministers are not absolutely in tune with the facts, the impression given to the outside world is that our democracy is not as good as it should be. My plea to the shadow Leader of the House—

Mr. Harper: Deputy Leader of the House.

Mr. Bone: Sorry, my plea to the Deputy Leader of the House, and probably to the shadow Leader of the House, my right hon. Friend the Member for Maidenhead (Mrs. May), as well, is for accuracy in comments and answers. That has been a problem with parliamentary questions. On the same issue as I mentioned, I received two answers to parliamentary questions from different Health Ministers saying completely contradictory things. I am pleading for more accuracy.

My fourth and final point is about meeting Ministers. That really is within their power. As hon. Members may have gathered, there is a real concern about health in my constituency and in the neighbouring constituency of Kettering. I have requested meetings with Ministers on only two occasions. On one occasion, we had a meeting almost straight away. The problem with the Secretary of State for Health was, first, that we could not get a meeting. Then Mr. Speaker said in the Chamber that Ministers really ought to meet Back-Bench MPs, and I was allocated a meeting at the beginning of December—several months after I first requested it. The meeting was cancelled two days before it was due to take place and rearranged for March. A few days before that date, it was cancelled and it has now been rearranged for the second half of April.

That is not good enough. Surely a Back-Bench MP should have the power to go to a Minister and say, "We have a real problem here. Let's address it; let's have a meeting." If we request meetings with Ministers only now and again, we are not abusing the system and we should be allowed to have the meetings. That is within the control of Ministers and needs to be examined.

I shall give another example to show that what I have described has happened to others. I understand that an hon. Member requested a meeting with a Minister who said, "Sorry—too busy. Can't see you." However, that hon. Member found that the same Minister was visiting his constituency only a couple of weeks later, so the Minister was too busy to see him, but not too busy to visit his constituency.

I hope that the Deputy Leader of the House accepts that none of my comments is in any way intended to be party political. I simply think that there has perhaps been a drift away from the highest levels of democracy and that the suggestions that I have made could improve the situation. The Deputy Leader of the House is very highly regarded. If he could address the points that I have raised, that would improve ministerial accountability to the House of Commons.

10.15 am

Mr. David Heath (Somerton and Frome) (LD): I welcome you to the Chair, Mr. Weir, and I congratulate the hon. Member for Forest of Dean (Mr. Harper) on initiating a most timely and well informed debate. I welcomed his thoughtful comments, those of the right hon. Member for North-West Hampshire (Sir George Young), as I always do, and those of the hon. Member for Wellingborough (Mr. Bone). I hope that the latter always keeps that buzz on entering the Chamber and being able to do his job as a Member of Parliament, because it is a very precious thing and a huge privilege to be able to speak for our constituents.

I acknowledge that the Government have made advances during their term of office. However, they have gone backwards in some respects. The advances include the Westminster Hall debates, mentioned by the right hon. Member for North-West Hampshire, which have provided a good opportunity for Back Benchers to stimulate the sort of debate in which we are engaged today. I also acknowledge, and it is important to place it on the record, that the way in which Ministers conduct themselves in relation to the House and to individual hon. Members varies enormously. Some exhibit extremely good practice; others do not. We should strive to bring all Ministers up to the standards of the best in their relations with other Members of the House.

What areas should we consider? Hon. Members have already said that a key responsibility for Ministers is to keep the House informed of what is happening. That happens in a number of ways, some of which work well and others less well. I shall inevitably concentrate on the areas in which the practice is not as good as it should be. Let me start with the written statement.

The written statement is an innovation and it has its place but, to be frank, it is being abused. It is being used for controversial statements when Ministers do not want proper scrutiny of the decisions that they have taken. We need a mechanism to convert a written statement to an oral statement to the House, because a written statement, although it can inform, does not give hon. Members an opportunity to ask questions and to scrutinise properly what is being put forward. It is not an appropriate way in which to deal with matters that can be of huge importance to individual constituencies throughout the country. Nor is it right that, regular as clockwork, on the last day before a recess or Prorogation, an enormous number of ministerial statements are issued in the certainty that neither the House nor the media will be able to consider them properly. I think that I am right in saying that more than 30 statements were issued on the last day before the Christmas recess. That is an abuse that the ministerial code says should not happen, but that seems to be ignored.

The hon. Members for Forest of Dean and for Wellingborough mentioned briefing of the media. It is not good enough that time after time we hear about important announcements from the Government on the morning news programmes—announcements are made through the media, rather than in the House. Mr. Speaker has deprecated that practice on a number of occasions, but still it happens regularly. I do not know how we are going to break the habit of always having the news before the news breaks, but it puts Members of Parliament at a huge disadvantage that prevents us from doing our job properly and it is a discourtesy to the House.

Another way of keeping the House informed that has been lost over the years is the non-legislative debate. Inevitably, an enormous amount of debating time is devoted to the legislative programme, which is always

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too big and always takes up too much time, but as a result we have lost the opportunity occasionally to scrutinise the work of Departments through non-legislative debates. There are huge omissions, which regularly get brought up at business questions as the Deputy Leader of the House well knows. It is extraordinary that we have not had a genuine debate on Iraq in the lifetime of this Parliament. There have been very regular statements from the Ministry of Defence—I do not fault Defence Ministers on that—but we have not had a debate on the foreign policy implications of our occupation of another country and a theatre of war, and I find that a truly extraordinary omission. Another issue that affects the hon. Member for Forest of Dean as well as me is agriculture. When did we last have a debate on agriculture in Government time and have the opportunity to talk about the plurality of rural affairs in the context of bringing Ministers to account for what has happened? Given recent events to do with single farm payments, a debate of that kind would be extremely opportune. We need more opportunities for non-legislative debates. Westminster Hall fills the gap only to a very limited extent. In addition, Select Committees often produce important reports on which they have done a tremendous amount of work and which the House ought to have the opportunity to debate, but there are very limited opportunities so to do.

One innovation made by the present Government, cross-cutting questions, has disappeared. Why? I have asked that question of the Leader of the House, but I have not had a reply. New Members may not have had any experience of cross-cutting questions, so let me describe them. There are areas of policy that cut across several Departments. In cross-cutting questions, the range of Ministers involved in a particular area would be available to answer questions from Members on that wider topic. One of the problems was that cross-cutting questions were not desperately well attended, but that was because they were held in Westminster Hall while the Chamber was sitting, so Members inevitably faced a dilemma: should they attend the debate in the Chamber or be at cross-cutting questions? My answer to that dilemma is simple: if cross-cutting questions are important enough to be asked, they should be taken in the Chamber and extra time should be found for them. They were a good innovation, but they have been lost.

I have already said how important Select Committees reports are. It should not be for Ministers to determine that they will not give evidence to a particular Select Committee on a particular point. I encountered an example of that when I was a member of the Select Committee on Science and Technology. We were debating the scientific aspects of the war on terrorism, a very important issue, but we were told by the then Home Secretary, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), that he was not prepared to give any evidence, or to allow any officials in his Department or officials of other Departments—the Department for Transport in that case—to give evidence to our Committee, because he did not feel that ours was the right Committee to investigate the subject. That is not a matter for Ministers; it is a matter for the House and the Committee, and Ministers need to be told that clearly.

A second aspect of ministerial responsibility is keeping individual Members informed. Some Ministers and Departments are very good at that. Let me give an example of good practice: when something is planned that will affect a defence establishment in a constituency, the Ministry of Defence will always write in advance to the relevant Member to tell them about it. It does that assiduously, and I welcome it. The Department for Transport is often very good at telling Members about road issues in their area. Other Departments, however, are very bad.

Oral questions are an effective form of scrutiny, but we get frustrated when Ministers do not answer questions properly. To be fair, sometimes we get frustrated simply because they do not give us the answer that we want, but at other times there is a deliberate attempt not to answer the question. Last week, I asked the Prime Minister a question about long-term care for the elderly; he gave me a reply about pensions. I did not feel that that was an adequate response to a question about long-term care for the elderly. The Prime Minister is more guilty than most in that respect. We must have the opportunity not only to ask questions but to get appropriate replies.

A real problem is developing with written questions. Sir Humphrey has always got in the way of written questions—let us not kid ourselves that it is a problem that arose with the present Government. Some Departments seem to treat obfuscation as their main objective, rather than answering questions. One example is the Treasury: when does the Treasury ever give a direct answer? If there is any way for it to avoid giving an answer, it will do that. It is some sort of game between the Member of Parliament asking the question and the officials in the Treasury preparing the response. That is not the right way to treat Parliament.

Delay in replying to written questions has become a problem. Nowadays, named day questions often get the reply, "I will answer the hon. Member in due course." That is not the answer to a named day question and Departments must be told that in no uncertain terms. Late transfer of questions, whereby the day before an oral question is due to be asked it suddenly appears as a written question to another Department, is also a problem. I understand that Departments have different responsibilities, but as a matter of courtesy the Member concerned should be advised in the first instance that the Department feels that the question should be transferred. That way, hon. Members have the opportunity to ask an alternative question. Simply to transfer the question at a late stage is a discourtesy. Finally, responses to correspondence are sometimes delayed.

We need timely scrutiny of matters of the day. So often, Members have to resort to artificial devices such as entirely bogus points of order, which does the House no credit at all. People stand up and say, "On a point of order, Mr. Speaker," and then ask a question about a matter of great importance to them, to which the only possible reply from the occupant of the Chair is that the matter is nothing to do with them. To whom does that do any good in reality? Surely we should have an opportunity to get timely responses to questions. Also, if early-day motions are supported by a large number of hon. Members, surely they should be a matter for debate. There must be a mechanism through which that can happen.

Prayers of annulment are becoming a farce. We table a prayer and, months later, if we are lucky, we get a Statutory Instrument Committee in which to debate the matter; meanwhile, the order has actually been in force—has been law—for three or four months. Very often, prayers of annulment have no effect whatever. They are simply never debated, and that is an abuse. That is one reason why many of us are so deeply suspicious of part 1 of the Legislative and Regulatory Reform Bill, which the right hon. Member for North-West Hampshire mentioned and which drives a coach and horses through parliamentary scrutiny. It simply cannot stand in its present form.

My final point on ministerial responsibilities is that Ministers are often able to palm off responsibility when there are arm's length agencies involved. They do not answer questions even though, in my view, they still have responsibility for the function.

I cannot end my speech without mentioning probity and regularity. The worst possible news for the Labour party in this week of extremely bad news is that the fictional Alan B'Stard has crossed the Floor and joined the Labour party from the Conservative party. That says everything that we need to know about the reputation of the Government in the country. As the right hon. Member for North-West Hampshire says, we need a proper way of policing the ministerial code; we do not have that at the moment. We gather that the Prime Minister is now at least partly, but apparently not completely, converted to the suggestions of the Committee on Standards in Public Life.

In light of the revelations of the past week, one more amendment is clearly needed—an amendment to the ministerial code so that no one can be a Minister of the Crown if they are a major creditor of the party of Government. It is simply unacceptable in constitutional terms that someone can lend the Government party a very large amount of money and then be appointed to ministerial office, however creditably they perform their functions as Minister. What happens when the Prime Minister turns around to say, "Oh, by the way, I am dispensing of your services," and that person says, "Well, in that case, I'll take my several million pounds back, thank you very much"? It is not an acceptable constitutional position.

My last point is that there is need for a rebalancing of the powers of the Executive against the powers of the legislature. The hon. Member for Forest of Dean mentioned the Power commission, which has proposed not a written constitution—something for which some of us have argued for a long time, but which we understand is a difficult concept to achieve—but for at least a partial move in that direction through a series of concordats. Concordats are not alien to the present Government: a concordat was arrived at between the Department for Constitutional Affairs and the judiciary about the latter's powers and independence. A similar concordat is needed to preserve and protect the rights of Parliament and to order Ministers' responsibilities to Parliament. It is time that we had that, time that it was made explicit, and time that Ministers adhered to the codes that are already in place.

10.30 am

Mrs. Theresa May (Maidenhead) (Con): Mr. Weir, may I say what a pleasure it is to speak in a debate under your chairmanship for the first time? I thank my hon. Friend the Member for Forest of Dean (Mr. Harper) for initiating a fascinating debate on ministerial accountability and wider matters, including the public perception of Parliament and public involvement in the political process and democracy.

It is only fair to the Deputy Leader of the House to remark on the fact that, whatever else we hear this morning, it is clearly true that, given the fact that he is sitting in splendid isolation on the Government Benches, this debate is an example of ministerial accountability, because he has nobody else to stand and support him in this debate. It is sad that no Government Member has been willing to enter into a debate that is not party political, but is a genuine one about the procedures and processes of the House and how we can ensure that Ministers are held more to account.

I agree that a number of the issues that my hon. Friend mentioned in his opening speech need to be addressed, including public engagement, the problem of falling turnout at elections, and the need to make Ministers more accountable to hon. Members in the House and, hence, to enhance Parliament's ability to fulfil its crucial role of holding the Government to account. A number of bodies have been considering those issues in recent months. My hon. Friend referred to the work of the Power commission and its report, the report by Lord Norton of Louth and work by Lord Puttnam. The Modernisation Committee is also considering how we can connect Parliament to the people and external involvement in the legislative process.

As a number of hon. Members have mentioned, my right hon. Friend the Member for Witney (Mr. Cameron) has asked my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) to chair a democracy taskforce, which will look at such matters as strengthening Parliament, the role of Members of Parliament and Select Committees, the volume of legislation and regulation and scrutiny of national finances, ensuring the integrity and independence of the civil service, improving the workings of government, and addressing apathy with and alienation from the political process. That is quite a task and I can think of no better person to lead that taskforce than my right hon. and learned Friend.

Like my right hon. Friend the Member for North-West Hampshire (Sir George Young), I want to comment on some of the good things that have happened. It is right to say that the Government have made some good innovations. Take the very existence of Westminster Hall debates: I will be honest and say that I was sceptical when they were first proposed, but I acknowledge that they have been a good development that gives hon. Members the opportunity to debate a wider range of issues than can be accommodated in the Chamber. Crucially, many debates that take place in Westminster Hall enable hon. Members to discuss topics not in such a party political way, but more generally, looking at the issues without trying to score party political points. I will deal with that later, in relation to further proposals. There have been other innovations, such as the Prime Minister appearing before the Liaison Committee. The Committee has, over time, been finding its feet in relation to its questioning of him—it was a little tentative in the first couple of outings—and the innovation has proved to be useful.

[Mrs. Theresa May]

Alongside those innovations, however, Parliament has all too often been sidelined by Ministers and by the present Government. A number of examples of that have been mentioned by hon. Members. The lack of statements is crucial. No only do Ministers announce things to the media before they are announced to the House, but sometimes they announce them to the media and do not announce them in the House—or they use a written ministerial statement, which means that hon. Members cannot question them. There are a number of examples of that, the most recent one that I have encountered being raised in business questions last week. Last Thursday morning, the replacement—we assume that that means the sacking—of the chief executive of the Rural Payments Agency was announced in a written statement after months in which the Secretary of State for Environment, Food and Rural Affairs had been saying that everything was fine and rosy and going really well with the Rural Payments Agency. However, there has been no oral statement to the House, so hon. Members have not had an opportunity to question what led to that decision in relation to the chief executive of the agency and to question the Secretary of State on what farmers can expect from the agency and how it will operate in future. That is the most recent and obvious example of an oral statement being needed, but not being given so that Ministers cannot be questioned by Members of Parliament. Ministers may not like it, but part of their role is to be questioned by hon. Members. Ministers are accountable to the elected representatives through hon. Members and should be willing to come here and explain themselves.

I have another example of a slightly different kind. For several weeks in business questions, I asked the Leader of the House to tell us the date of the Budget. The Treasury Committee advised that it would be good practice to give the date of the Budget two months in advance. I asked for about a month for a date to be given, until we were well within two months of the likely time, but sadly the date was not given. I first heard of it on Sky News. That is yet another example of how the media, rather than the House, are all too often the main channel for ministerial announcements.

There are other ways in which the power of the House to hold the Government to account has been reduced. First, there is the increasing use of statutory instruments and secondary legislation. The hon. Member for Somerton and Frome (Mr. Heath) spoke about the problem with statutory instruments, which is that all too often the prayer for annulment is not debated until after the date when the statutory instrument comes into force, which makes the debate farcical, because there can be no real expectation that the Government will allow it to be overturned. However, I am most concerned by the fact that so much of the detail of primary legislation is left to statutory instruments—to regulations made by the Secretary of State—and does not appear on the face of the Bill. That means that so many issues do not have proper time for debate as a Bill goes through the House, but are left to one-and-a-half-hour Statutory Instrument Committee debates, which, as we have said, come all too often after the regulations have come into force. That is another way in which the Government avoid being held to account. Hon. Members have also mentioned the Legislative and Regulatory Reform Bill, which gives unbelievable and deeply worrying legislative powers to Secretaries of State. I sincerely hope that the Government will listen to the arguments being put forward on that Bill and will be willing to amend it in due course.

We need to address several issues when we are seeking solutions to the various problems. First, we need to talk about the public perception and understanding of the role of Parliament and what happens in the House. Secondly, we need to enhance Parliament's role in holding the Government to account. When considering those processes, we have a duty to ensure that good government can take place. It is not Parliament's job to provide good government, but we should make changes to procedures in Parliament that, in some sense, make it less likely that good government can take place.

A number of ideas have emerged from hon. Members' contributions to the debate and, in the spirit of open discussion, let me say that I agree with some, but not with others. However, the value of the debate is that it has raised a wide variety of suggestions that can be considered by the bodies looking at this matter. Despite my intervention on my right hon. Friend the Member for North-West Hampshire, I support his view that, particularly given that PMQs is the main form in which most people see Parliament operating, it is important that they see not just gladiatorial combat, but serious questions being put to and answered by the Prime Minister.

I do not agree with the suggestion made by my hon. Friend the Member for Forest of Dean that every Minister should be here every day to answer questions, as that would probably get in the way of good government. However, I agree entirely that Ministers need to be here more often, particularly to make statements. We need Ministers to be more willing to make their policy announcements and their announcements of changes here in this House, and to do so in oral statements rather than hide behind written statements. Now, when Ministers say that a statement has been made, it has often been made only in writing and there has been no opportunity to question them about it.

We need to do other things as well. One area not mentioned by any other speaker today is the scrutiny of European legislation and ministerial accountability for it. In Europe, Ministers can take positions inside the Council of Ministers on potential legislation that has not been debated in this House. The timing of debates in this House, and how we manage such legislation, has to be considered.

The topicality of questions has improved thanks to suggestions made by the Modernisation Committee. We are able to table oral questions closer to the date on which they will be answered. However, there is still a need to find a mechanism to ensure that, when issues come up between the time of tabling and the date of oral questions, it is possible for hon. Members to raise those issues, rather than have to find ingenious ways of getting such topical issues into the subject of the question on the Order Paper.

It has been suggested that the Government want to curtail Members' opportunity to put written questions to Ministers. I am concerned about that. There are

many issues around written questions. When I first came to the House, one of the things that surprised me was my sudden discovery that I could not table any written question that I wanted to a Minister; there were blocks on certain questions and certain things could not be put into them. I have always said that one of the greatest arts in this House is learning how to get a written question past the Table Office. I shall always remember one of my great successes during my very early days in Parliament: I tabled a question about spam, but at that stage the Table Office did not know what spam was—I should say for the benefit of Members that I was not referring to tinned meat. Somebody drew up a question, came back and said that an anorak somewhere who knew about IT had said that "spam" was a perfectly okay word to use in a written question.

We need to ensure that Members have the opportunity to table written questions and that it is not curtailed in any way by the Government. Ministers should not take so long to answer written questions. There are too many examples of hon. Members having to wait a considerable time for answers on information that should be readily available to Ministers and their Departments.

We need to find another way of holding Ministers to account for inaccurate, inadvertently misleading, or misleading statements made to the House. I shall give one example, which I have raised in business questions. In a written statement last December, the Secretary of State for Transport stated that the award of the Greater Western franchise to First Great Western would lead to improved services. In fact, it has led to significantly reduced services for my constituents, and, I say to the hon. Member for Somerton and Frome—I shall not describe Somerset as "elsewhere" as I did previously—it has caused significant problems for stations beyond Berkshire. However, there is no mechanism for making the Secretary of State for Transport come to the House to change or explain that written statement, so that we can question him and point out that what he had said was—perhaps inadvertently—misleading to many people and to this House.

We need more debates on what I call general issues or themes and not to spend all our time simply debating legislation. There is far too much legislation in this country and this House spends too much time passing it. It seems to be a badge of honour for Ministers constantly to bring Bills to the House. We should debate issues. We have had criminal justice Bill after criminal justice Bill and measure after measure to deal with antisocial behaviour, but when have we ever had a debate on the causes of antisocial behaviour? People would see rather better that we were doing our jobs if they saw us debating the issues that affect them every day, rather than always debating legislation. We should also have fewer whipped votes. We should have an opportunity to have those sorts of debates, probably on a substantive motion, but without a whipped vote so that the genuine feeling of Members can be discovered.

We need an independent body to oversee the ministerial code, which a number of Members have mentioned. People regard with extreme scepticism the fact that Ministers are judged by the Prime Minister who appointed them in the first place.

The real issue for public confidence in this House and public willingness to engage in the democratic process is how we present ourselves as politicians. People need to be confident that we make a difference to their lives and are worth voting for. To show them that politicians are worth voting for, Ministers need to show that they are willing to be accountable to the very Members who have been elected by the public.

10.46 am

The Deputy Leader of the House of Commons (Nigel Griffiths): I welcome you to the Chair, Mr. Weir; it is a pleasure to serve under you. I congratulate the hon. Member for Forest of Dean (Mr. Harper) on raising the topic. After some early and perfectly legitimate partisan points, the debate was of high quality and I thank all Members who have taken part.

The hon. Member began by lamenting the lower turnout at general elections, and I entirely endorse his sentiments. I am sure that he sets a lot of store by ensuring that he gets the maximum turnout in his constituency, as I do in mine. Turnout in my constituency, at more than 70 per cent., is well above the national average, so we speak as kindred spirits on that issue. He made a number of useful suggestions. Not many had not been considered before, but that does not mean that they lack merit. I shall discuss one or two of the points that he made. Under our type of constitution, such issues will always be the subject of debate and can be amended from time to time. Nothing is fixed in stone.

On the frequency of Prime Minister's Question Time, I understand that the Prime Minister took advice from his immediate predecessors, who told him that he should not cut the amount of time, but maintain it and have Prime Minister's questions on Wednesdays so that affairs of state could be better conducted. In my view, that move has brought about certain improvements. In opposition, I worked tirelessly prepping people for Prime Minister's questions, and it was often felt that 15 minutes was just too short for that killer question. I am sure that that was a delusion on the part of the Back Benchers and others whom I was advising, but none the less there was a feeling of frustration. It is not surprising that the hon. Member feels that under the present set-up, the gap between Prime Minister's Question Times is too long to get into topical issues. However, I am not sure that any future Prime Minister, having consulted their predecessors, would want to change that process.

There is an issue of topicality in relation to statutory instruments. Under the Conservative Administration, there were more than 50,000 of them. To be fair, I should say that the single biggest number was for road closures; if we could get them off the list, we could get to grips with the statutory instruments and regulations that we can agree to dispatch from the statute book.

I am sorry that the Legislative and Regulatory Reform Bill has not met with favour. The Government have listened to some of the criticisms and accepted amendments in the light of what has been said.

Mr. Heath: No, they have not.

Mr. Harper: They have certainly not.

Nigel Griffiths: I think that they have. I am sure that at the end of the parliamentary process, the Bill will be much better than when it started out. However, I think we all agreed with the aims of the Bill.

The hon. Member for Wellingborough (Mr. Bone) is right to be annoyed at hearing something on his local radio station before it has been announced to the House. I want to be as clear on this issue as the Leader of the House has been. We expect Ministers to observe the courtesy to Parliament of making their announcements to Parliament first. I think that the Treasury statement on the timing of the Budget statement was made at Treasury questions. The right hon. Member for Maidenhead (Mrs. May) might have seen it on Sky, but I think it took the details from there; I do not believe that I saw her at the Question Time when the Chancellor made the announcement.

On the more substantial aspects of the issue, the media now operate 24/7 and drive the pace. Parliament must ensure that it is not behind the media, although it is hard to see how it could be ahead in such times. Parliamentary reporting has been evolving to reflect that and to engage the public through websites and a good outreach scheme for citizenship in schools. That is also important.

The suggestion made by the hon. Member for Forest of Dean about presenting questions without notice has been considered by the House in the past. It is one of the reasons why, as the right hon. Member for Maidenhead said, the number of days of notice of questions has been cut from eight working days to three. However, I caution him about raising things on the day. I am a former departmental Minister, and a distinguished former Cabinet Minister, the right hon. Member for North-West Hampshire (Sir George Young), is present at this debate. I hope that the right hon. Member shares my view that it is good that where one has information from the Member, one has as many facts as possible. I fear that the criticism made of Prime Minister's questions, that it is hard to get an answer—I am not saying that I accept that criticism but I am sure that hon. Members feel it is valid—would only be replicated if, for instance, a Health Minister was given a question on an area about which he or she had no previous knowledge and was not able to use those three days to obtain information.

The hon. Member for Wellingborough is right, and the Prime Minister has made it clear—he does so on appointing Ministers—that requests to meet Members should be honoured as expeditiously as possible. I know that the hon. Member encountered a slight problem, but I think that it was compounded by an Opposition debate on health, which caused a further delay. I hope that he is now close to securing the meeting. It is only a matter of courtesy that a Secretary of State or other Minister should meet Members to hear their concerns.

There is no need for me to crow, because Opposition Members have been generous about the changes that we have seen. The Liaison Committee's twice-yearly meetings, which last for up to three hours, have been mentioned, but I think that it was the Prime Minister who suggested to the Chair that he might come along and might be willing to give evidence. I understand that those are useful meetings.

The chairmanship of the Modernisation Committee is an important matter. I was party to representations from Members from a number of parties about whether the Leader of the House should chair that Committee. I do not think that there is a political division on the matter. Some Members feel that it is important that the Committee is chaired by the Leader of the House in order to progress its agenda—my late friend Robin Cook certainly felt that way—but others feel that there is then an issue of impartiality. I think that the Leader of the House probably sees the sittings of that Committee as among the least party politicised meetings for which he is responsible in his role. Of course, if the House were to decide, as it could, that it wished to change the Committee structure or bring the Modernisation Committee and the Procedure Committee together, it has adequate opportunity to do just that.

The question of public petitions has been explored by other, now devolved, Parliaments and Assemblies. That seems to have brought about effective working relationships. Our Committees of the House of Commons may want to learn lessons from that once those arrangements have bedded down a bit more, and examine whether there are recommendations on how to handle things in this place.

I know that Members and Committees have made proposals to restrict in some way the number of questions. I do not support that. When I first became a Member of Parliament there were restrictions on the number of oral questions that could be tabled by a Member at any one time. That restriction has been lifted and it would be wrong to go back. The number of written questions reflects the various concerns of Members of Parliament, many of which are extremely serious; others would not be judged to be so serious, but it is up to the Member to justify to his or her electorate why they have tabled certain questions. I am happy to leave that to the good sense of electors, as I am sure all hon. Members are.

I do not think that any of the suggestions that are being made—not by Government but by the Committees of the House—to restrict the activities of Members in terms of tabling questions or the role of early-day motions will be allowed to pass without considerable debate in the House. For what it is worth, my opinion is that there is not a mood among the Back Benchers from all parties to whom I have spoken to make the sort of changes that I have heard floated in the Tea Room and elsewhere.

This debate has been good in terms of raising many of the issues. I do not think that the debate would have been different had it been held in a previous Parliament. I am sure that Members who are now on the Government Benches would have made several criticisms had they been sitting on the Opposition Benches. I treasure one exchange that took place before my time as an historic parliamentary moment. Under the Government led by the noble Baroness Thatcher, the Whips were accused of passing round set questions. The hon. Member for Louth and Horncastle (Sir Peter Tapsell) rose during Prime Minister's questions and said that he had not been given one of those questions

circulated by the Whip and asked whether the Prime Minister would pander to his eccentricity. I think we have been pandering to his independence ever since.

The fact that today we have heard an updated version of the criticisms does not negate them. We want Parliament to operate effectively. The quality of the contributions to this debate shows that Members of the House are ever vigilant about the need to ensure that Ministers are held to account. I see it as my role as Deputy Leader of the House to reinforce that message. I do not give my colleagues a bad score—I think that they are doing well, but as with everything else, there are grounds for improvement. I thank the hon. Member for Forest of Dean for allowing me to respond to his excellent debate.

10.58 am

Sitting suspended.

Western Balkans

11.1 am

Mr. John Randall (Uxbridge) (Con): I am grateful for the opportunity to raise the issue of developments in the western Balkans. Despite the fact that it is part of Europe and it is still in a volatile state, there are few opportunities to discuss these important developments in the main Chamber. That is why I am particularly grateful to Mr. Speaker for allowing me to secure this short debate. However, I do not think that half an hour will be long enough to address all the issues. We will be able to touch on only certain parts of what I wish to concentrate on. We are discussing the western Balkans, but I will concentrate my comments on the area around Serbia, including Kosovo and Serbia and Montenegro, and also Macedonia.

However, before I start doing so, I shall make a plea to the Minister. There is an excellent organisation called the British Association for Central and Eastern Europe, which many Members have become involved with. Visiting groups of different sorts of people from central and eastern Europe, including the Balkans, have come over to this country and, similarly, delegations of British lawyers and so forth have travelled to countries in that area. That has been a worthwhile exercise, and I was disappointed recently to hear that the Government have decided to reduce the grant in aid for that association by a third, and then by two thirds for the next two financial years, and finally to end it in March 2008.

I understand that there is always a need for economies and for ensuring that money is well spent. However, I have been involved with some of the programmes—I have seen them in operation both in this country and elsewhere—and I feel that the association is doing important work. I urge the Minister to go back to his masters and plead its case. In respect of the area we are discussing, the sort of interaction the association provides is very important, not only in allowing other people to understand the complexities involved, but in trying somehow to work our way through what is a very tangled web in respect of the Balkan area.

Recent events have brought the area back into the headlines. The most notable of them was the death in custody of Slobodan Milosevic. I remember a debate of a few years ago with the then Member for Halifax, Alice Mahon, who, along with me, was a member of the all-party group on Serbia and Montenegro. We discussed the problems of The Hague tribunal, such as the fact that the process was going on for a long time and that Slobodan Milosevic's health meant that it might end with him dying in custody. Although his death might in many respects close a chapter in that area, unfortunately, if the circumstances are not handled correctly, it will lead to all sorts of new conspiracy theories in an area where conspiracy theories abound. In particular, it will raise new questions for the Serbs about how they have been treated.

In saying that, I am not making any judgments about the process. However, as I said at the time, we should look at what is happening in Iraq. The Iraqis are being allowed to deal with the case of Saddam Hussein. I still find it strange that Milosevic and others were taken off to The Hague, instead of Serbia being allowed to deal with things. I have a feeling that that might become a

[Mr. John Randall]

slight problem in the future. I hope not; I hope that the death of Milosevic will to some extent allow the area to move on, but I am slightly fearful.

The Minister knows that, and it will become clear from some of my comments during this debate. There are other trouble spots around the world—such as in Northern Ireland, which is not far from home—where history runs very deep. It is difficult to separate the history, the legends, the traditions and so forth from modern peace processes.

The most important issue for the area under discussion is probably the status of Kosovo, but there will also be a referendum in May in which Montenegro will decide whether it wants to carry on with co-existence—with Serbia and Montenegro as a country. It seems that the mood has changed somewhat; Montenegro may well opt for separation; I will not say secession, because they were two republics originally, and, going back further, two kingdoms.

That has been highlighted in a slightly trivial way by the problem the two areas have had over the Eurovision song contest; that has been reported in the newspapers. They could not even agree on who would represent them because national feelings were running so high. I believe that, in the end, they have pulled out of this year's contest, and that they will not be in for some time while they sort things out. That is not of the greatest import, but that no agreement can be found on something like that highlights the problems that the countries face, as well as those facing the diplomats of other nations who are trying to understand what is going on. These problems are incredibly deep-rooted.

I used to go around the Balkans a lot and at that time, strangely enough, Montenegro and Serbia regarded themselves very much as twins and were fiercely proud of each other. It is a great shame that things have now got to this stage. Montenegro uses the euro as its currency, and the dinar is still used in Serbia, so ostensibly they are one country using two different currencies. I think there are also still different customs tariffs.

I should like to know from the Minister what the Government's view is. I remember that when I used to go around that region a lot—even at the height of the problems, when Montenegro felt that it was being somewhat ostracised because of its associations with what was then seen as a pariah state—the Government's view was that they should try to stick together. Is that still the case? I would be interested to know. It is not for me to interfere in that, but we have to tackle that issue. Ultimately, if all the countries in that area achieve the status of membership of the European Union, that may solve the problem, but I am afraid that that is a long way off for a lot of them.

Bearing in mind the time, I shall now concentrate on the current talks and discussions on the final status of Kosovo. That is obviously a very emotional subject for all parties involved and if I thought there was an easy answer to the situation, I would be the first to offer it to Governments. The pendulum in Kosovo has swung the other way: now it is the Serbs who feel very much at the wrong end of an apartheid system.

The Serbs feel, perhaps as a result of the way that western Governments are talking, that there is a certain inevitability about Kosovo being granted independence. Mr. John Sawers, the political director of the Foreign Office, stated on 6 February that in the end Kosovo will be "independent". That was possibly not a wise thing to say and it rather prejudges the discussions. It might be an opinion but it is not a very sane thing to say at the moment. It tends only to inflame the situation.

Without giving a long history lesson, Kosovo to the Serbs and Serbia is rather like—some would say—Jerusalem is to Israel, but that would get us into a whole different ball game. In terms of England—I could think of somewhere in Scotland, but I shall stick to England if it is all right with you, Mr. Weir—it would be like Canterbury and Kent, having lost their English majority population in 300 or 400 years' time, becoming an independent area, with spiritual parts of the nation's soul such as Canterbury cathedral and the site of the battle of Hastings being taken away. I say that because we have to understand that the final resolution of the situation will be extremely delicate, to say the least.

The Serb minority in Kosovo are deeply concerned about what is happening to their heritage. Orthodox churches, monasteries and cemeteries are being destroyed. It is tragic; I have seen pictures of 15th and 16th century places that I visited 20 years ago that have been burnt down and destroyed in the terrible religious and nationalistic fury that has taken place. I have grave concerns that the perpetrators of those actions have not been caught. KFOR is seemingly powerless—although it represents the best diplomatic way to prevent a lot of what is happening—and that only stokes the fires.

If we do not have a fair and equitable solution, we will only make more problems for ourselves. We do not need a history lesson to remember what happened in Germany after the first world war, when there were feelings of injustice at the peace settlement. History is littered with such examples. Whatever might happen in the immediate aftermath, if we are not careful we will leave an open sore, so I urge the British Government and all the others to tread very carefully. They should not try to get rid of what is a very difficult situation. I do not think that the west helped by its intervention, but that is in the past and I am trying to move on. However, we have to be very careful; I have already given a couple of examples of how deep rooted the nationalism is.

If we are not careful, we shall store up more problems for ourselves, so I urge the British Government to ensure that the discussions going on are not prejudged. Statements should not come out that seem to favour one side or the other. Because there are precious few in this Parliament who understand the situation and it is sometimes difficult to be non-partisan on the matter, I hope that the Foreign Office will send a few MPs who do not know anything about the area, and are thus neutral and fresh to the subject, to talk to people in Belgrade, Pristina, Skopje and Tirana, in order to find out exactly what people think.

I have one final point, which will not have escaped the Foreign Office. If Kosovo became an independent state—I do not question whether that is right or wrong, or whether such a state is viable—a precedent for all sorts of other places will be set. President Putin already indicated earlier this year that the status of places such as Abkhazia and South Ossetia in the Caucasus area

might have to be reviewed. Countries such as Macedonia, which are working incredibly hard and have done almost everything asked of them, are nervous because the boundaries have not been entirely defined. The Albanian Foreign Minister said recently that he could not guarantee that borders are fully defined. I do not know whether he has rowed back from that, or whether it was a misquote. I do not want to stir up the situation any more.

However, a whole load of problems are involved. In that area, we have Republika Srpska and what has gone on in Bosnia. If we start interfering with the boundaries, we shall open up an incredible problem, and return to both the problems of recent history and those that have existed for a longer time. I want to hear what the Minister says, so I conclude my remarks there.

11.17 am

The Minister for Europe (Mr. Douglas Alexander): I would like to congratulate the hon. Member for Uxbridge (Mr. Randall) on securing this important debate and I commend him on his evident longstanding commitment to, and understanding of, the region. Indeed, although I am not in complete agreement with the points he raised, I have no doubt that our debates in this place are enriched by the sort of depth of knowledge and understanding exhibited during today's debate.

As the hon. Gentleman pointed out, there have been a number of recent, significant events that have affected the countries of the western Balkans, from the beginning of the process to determine Kosovo's final status, to the death of Milosevic, to the remarkable agreement in Bosnia on the first changes to their constitution since the end of the war in 1995. The latter is in part the legacy of Lord Ashdown, who departed Bosnia as high representative in January this year, and his tireless efforts to transform Bosnia into a functioning state with the prospects of EU and NATO integration within reach. I hope that we can find common accord in paying tribute to the efforts of Lord Ashdown and his successes in recent years in Bosnia.

Before moving on to some of the substantive points raised, I shall first deal with the issue of the British Association for Central and Eastern Europe, which was put to me directly by the hon. Gentleman at the beginning of his speech. I am very familiar with the subject, having had correspondence from BACEE on several occasions, not least from its chairman, Lord Radice, and I assure the hon. Gentleman that we support the continuing work of BACEE in this part of the world. Indeed, by a coincidence of timing, I understand that officials from the Foreign Office are briefing members of BACEE as we speak.

On the point of funding put to me by the hon. Gentleman, there will be a significant alteration to BACEE's funding in the years to come, but for the record, I emphasise that that in no way diminishes the importance of the work that BACEE can do through securing other income streams in the future, and that situation is not unique to BACEE. Other organisations that previously were directly funded through a block grant from the Foreign Office continue to do important work while the Foreign Office reallocates resources according to its strategic priorities. There is an ongoing dialogue between the Foreign Office and BACEE which I hope will continue as BACEE makes the important transition to being a different kind of organisation, but one that will be equally capable of meeting the important needs of that part of the world.

As the hon. Gentleman said at the conclusion of his remarks, we have limited time. Therefore, I shall not attempt to cover all the issues affecting the western Balkans in the time available today. Instead, I would like to concentrate on the issues that the hon. Gentleman raised: Kosovo and Montenegro, and the death of Milosevic and the wider impact on the international criminal tribunal for the former Yugoslavia.

To set the context for this discussion, 2005 was an extremely successful year for United Kingdom policy in the Balkans. A key objective of our European Union presidency was to ensure that the whole region embedded its relationship with the EU. Under our presidency in the second half of last year, the EU opened accession negotiations with Croatia on 3 October and declared Macedonia a candidate for membership of the EU. Bosnia and Serbia and Montenegro started negotiations for stabilisation and association agreements, and the Kosovo final status talks were launched in November.

Even more extraordinarily, after a full 10 years of failure by the Bosnian and Serbian authorities to transfer any war criminals to the tribunal, 22 indictees were delivered to The Hague in 2005, although Mladic and Karadzic, the two architects of Bosnia's policy of ethnic cleansing, remain at large. UK leadership in the contact group, the United Nations, NATO and the EU was vital to those achievements, as was the prominent role played by our diplomatic posts in the region—a group of individuals and institutions to whom I am happy to pay tribute this morning.

The process to determine Kosovo's final status as envisaged in UN Security Council resolution 1244 which ended the war in 1999 is now under way. This was one of the key issues in the hon. Gentleman's remarks. Martti Ahtisaari, the UN status envoy, is leading the process, and he enjoys the Government's fullest support. Settlement of Kosovo's status is one of the last pieces of unfinished business resulting from the violent break-up of the former Yugoslavia in the 1990s. The other is the tribunal, which I shall discuss in a moment. Any settlement must be sustainable and fair, and provide effective guarantees for Kosovo's minority communities.

The contact group remains strongly engaged in the final status discussions. The statement issued by the contact group Foreign Ministers at a meeting in London on 31 January injected renewed political support for Martti Ahtisaari. It made it clear that all possible efforts should be made to achieve a negotiated settlement in 2006. We will spare no effort to work towards that goal. However, such a settlement must take into account the views of the people of Kosovo, the overwhelming majority of which favour independence from Serbia and Montenegro. That reality cannot be ignored. The past disastrous policies in Serbia lie at the heart of the problems that we confront in Kosovo now.

Mr. Randall: I am interested in what the Minister is saying, and I do not want to stop him in mid-flow unnecessarily. What process is there to gauge the

[Mr. Randall]

opinion of those inhabitants of Kosovo who now live outside its boundaries? I am thinking of the refugees and internally displaced persons who live in Serbia and, to some extent, in Montenegro.

Mr. Alexander: I had the opportunity to travel to Kosovo in September last year, and I assure the hon. Gentleman that internally displaced people feature prominently in the wider discussions that are taking place not just in Kosovo but beyond it. I would be happy to write to him and set out in some detail the process for the final status talks.

Let me return to the earlier substantive point that was made in respect of the remarks of the political director in the Foreign Office, and the UK policy towards Kosovo's final status. The UK continues to believe that independence is an option to be considered. Indeed, some commentators argue that it is the only option that can bring long-term peace and security to the region. However, the UK also believes that any settlement must actively promote multi-ethnicity in Kosovo, provide a safe and secure environment for all Kosovo's minorities, particularly the Kosovar Serbs, and promote reconciliation in the region. We believe that that kind of settlement can be made to work for the benefit of all.

In 2006, political leaders in Pristina and Belgrade have a genuine opportunity to reinforce the European perspective to which they ultimately aspire. For too long, the legacies of the past have hindered the prospects for stability and security in the western Balkans. Political courage and vision will be necessary to move the region forward, but the UK stands ready to support politicians who lead the effort. We are at an important stage in the final status process. The recent pronouncements of the contact group make clear the importance of continuing to make progress on the final status discussions, and I remain optimistic that, through that process, we can find a way forward.

Another key issue is the death of Milosevic and the wider implications for the international criminal tribunal for the former Yugoslavia. Milosevic's death is a blow to regional reconciliation, to the tribunal and to international justice. His trial was key to helping the region to understand and come to terms with the tragic events of the 1990s. With his death, the victims of the Balkan wars have been robbed of the chance to see him finally face justice. Now, more than ever, Serbia must deliver on their commitments to arrest Mladic and Karadzic.

Mr. Randall: I am interested in what the Minister is saying. If, as the Minister says, the death of Milosevic has robbed people of an opportunity, why did The Hague refuse proper medical attention for Mr. Milosevic? Presumably, that has not helped them.

Mr. Alexander: What certainly does not help the debate is some of the speculation that has followed the death of Milosevic. I believe that the hon. Gentleman will understand if I am cautious in my remarks. I assure him that Milosevic's health was monitored carefully by the tribunal. Milosevic received medical treatment at The Hague, and we are confident that the tribunal's decision was taken on the basis of medical evidence. I will write to the hon. Gentleman and place in the Library a copy of my letter, which will set out the UK Government's understanding of the treatment that was received. It ill serves the interests of reconciliation in the region if rumours take the place of truth.

We have full confidence in the work of the tribunal. It has tried 61 cases to date, and a similar number are still in the pipeline. The tribunal is independent and has judges from a variety of countries. Cases are brought and judged on the basis of evidence, and have been brought against all ethnic groups in the region. The President announced a judicial inquiry into the circumstances surrounding the death of Milosevic, the results of which will be known in due course.

The UK wants a strategic partnership with Serbia, but first Serbia needs to understand that there is no short cut to EU or NATO membership. Serbia must meet its obligations to the tribunal, notably by delivering Ratko Mladic and Radovan Karadzic to The Hague, and adopt a constructive approach to Kosovo, Bosnia and a potentially independent Montenegro. I hope that the death of Milosevic will unlock Serbia's self-imposed isolation by helping it to come to terms with the past and to look forward to a future within the wider European community.

I recognise that Serbia has made real progress—after all, it was through public demonstrations that Milosevic fell from power—but Serbia's politicians now must lead their people by charting a political vision that will ultimately lead to integration into Euro-Atlantic structures. We remain ready to help the Serbian Government and people attain those goals.

On Montenegro, we are well served by outstanding diplomats in the Foreign Office, but I fear that I am able to shed little light on the Eurovision song contest, to which the hon. Gentleman referred. The referendum on Montenegro's independence from Serbia is scheduled for 21 May. We welcome the agreement that was reached between the Government and the Opposition in Montenegro on the standards for the referendum, in particular in respect of the 55 per cent. qualified majority needed for Montenegro to become an independent state. We commend the work of High Representative Javier Solana and his personal envoy, Miroslav Lajcak, who played a key role in helping to broker that important agreement.

It is too early to say what might follow or how an independent Montenegro would develop, but its behaviour during and beyond the referendum process would naturally affect the international community's stance—

11.30 am

Sitting suspended until half-past Two o'clock.

Post Office Card Accounts

2.30 pm

Mr. Mike Weir (in the Chair): I should say before we start that there are three clocks in this room, all showing different time. For the sake of clarity, we are working from the digital clock.

Huw Irranca-Davies (Ogmore) (Lab): I am glad to have secured this debate on an important subject that has caused a lot of consternation in all our constituencies. There are two possible ways to approach the debate. One is to harangue the Minister endlessly, in the hope that constant haranguing for an hour and a half will beat him into a political pulp. The other is to try to seek explanation and genuinely pose questions—I have more questions today than answers. Pursuing the second approach is in the interests of all our constituents.

I know that the Minister will respond better to the latter approach, as long as he is allowed the time to respond. I followed with interest the previous debate on a similar subject only recently, in which, because of the number of passionate speeches, the Minister had only nine minutes at the end to wind up. Within that nine minutes he took 15 interventions and as such we did not learn a great deal. I want to hear the fullest possible answers for my constituents and do not want to miss this vital opportunity. As such, I shall tailor my comments and have regard to the interventions that I take.

The title of this debate focuses on Post Office card accounts and benefits, but the issue is far bigger and further reaching than that. The fundamental issue is financial inclusion. How do we ensure that everybody in our society—the elderly, the carers, those with mental or physical health challenges, the physically and socially isolated, those who are vulnerable to loan sharks and doorstep bully-boys and others whom we represent, even when others look away—is included and not financially isolated, when others can gain the rewards of rising prosperity? This debate is about financial inclusion and fairness—it is as simple as that.

Let me set out the backdrop to this debate on POCAs and why they have become so integral to financial inclusion. I shall speak of my constituency; others will speak of theirs. In the eyes of the Post Office my constituency is overwhelmingly rural. It consists in part of narrow strip settlements in former coal mining valleys. Only one of the many post offices in my constituency, which borders the M4, is deemed urban. All the communities in my constituency, under the definition of rural post offices, have fewer than 10,000 inhabitants. I therefore make no excuses for focusing on rural post offices.

There are now 8,000 rural post offices in the United Kingdom, but only 1,500 run at a profit. A network that the Post Office originally established as a cost-effective system of branch sub-post offices, typically running alongside small shops, has over decades been overtaken by trends towards car ownership, supermarket growth and centralised shopping. As we all know, there has been a commensurate decline in the vitality of village centres, as measured by the range and profitability of shops.

David Taylor (North-West Leicestershire) (Lab/Co-op): I come from a family that has run rural post offices for four generations, so I am pleased to hear the hon. Gentleman concentrating on rural post offices. The urban areas also have problems and feel that they are going to suffer a quadruple whammy. First, they are not given the rural protection that rural post offices receive. Secondly, they do not receive the POCA amount for each transaction. Thirdly, the money that POCA would have produced to be spent in the shop will not be there. Fourthly, and most importantly—this was put to me strongly by an urban sub-postmaster in his 60s just a few days ago—the value of the business is often the lump sum for a postmaster's retirement, but that will be hit significantly. The Minister is a decent and able man and does not deserve to be harassed, but I hope that he will respond to that.

Huw Irranca-Davies: My hon. Friend makes an important point on behalf of his constituents. As I said, I shall reserve my comments for my rural post offices, but the Minister will have heard what my hon. Friend said.

A submission from one of my postmasters shows the concern over the issue. He is a very good postmaster in the Garw valley, which is a settlement of around 5,500 people in a long, narrow strip, with one road in and the same road back out—it does not go anywhere else. People either live or work in the valley; they do not go through it to get anywhere. However, there is a lively town centre and we are struggling to keep hold of that. That postmaster wrote to me:

"Since the POCA was introduced I have seen quite a drop in Benefit Claimants using the Post Office. Under the old book system we would pay out, on average, £76,000 per week and now it is £45,000. We used to be paid on the Volume and Value of book payments made but now it is only on the Value. This is a drop of roughly 34 per cent. in income terms per month."

Before I continue, I should say that that postmaster is very good and has done a lot. He works the post office alongside a shop, which is bright and energetic. He has been fully part of the modernisation approach, but he is struggling. He continues:

"My overall annual income from the Post Office has seen a reduction of about 30 per cent. from what I was earning when I first started. But overheads have increased even though I now employ only 3 staff. (It used to be 7). The takings from the shop just cover staff wages and therefore we gain no income from it. That on top of the Post Office salary reduction means that we just stumble from one month to the next . . . one other thing"—

I shall return to this issue in a moment—

"is that the one and only bank in the Garw Valley is the HSBC."

I have previously mentioned to the Minister how important the pattern of bank closures is. The letter continues:

"They are not a partner bank with the Post Office and the majority of our customers are with them so if we were to lose the POCA we would have no chance of survival."

Jessica Morden (Newport, East) (Lab): I recently met enterprising small shopkeepers with post office counters in Maindy in my constituency, who expressed their concern at the removal of the POCA. Does my hon. Friend agree that the measure will deplete the customer base of local community shops, which are already trying hard to compete with large supermarkets, which are now diversifying into smaller convenience stores?

Huw Irranca-Davies: I would agree to the extent that we need to find satisfactory methods to put in place things that will keep the footfall for post offices. Let us not forget that this debate is not about post offices per se—we can become fixated on that—but about the customer and the groups that use the post offices. I agree with my hon. Friend to the extent that part of my intention in this debate is to focus on something that has not been greatly focused on, which is not only the need to revitalise and find a full sign-up with other banks—not just with the basic bank account, but other alternatives—but the idea that our post offices should have a future as a vital high street presence in all our small communities.

I am not convinced that Post Office Ltd has done enough, although it started doing a lot, nor am I convinced by any stretch of the imagination that the banks have done enough. They will talk about what they have done with the basic bank account and so on, but I am talking about the ones that do not support the post office and I am adamant that they include significant banks—I shall read the list out in a moment. I am in the fortunate position of having three different accounts. I have to make my own decision—I cannot say for my constituents—but I would be pulling away from the banks that did not support my post office.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The hon. Gentleman made the important point that this debate has to be about the customer. We should also recognise that it has to be about choice. More than 4 million customers took out a card account, fighting to overcome the Government's hurdles and resisting a lot of pressure not to do so. Surely the Government should now at least recognise that customer choice, and keep the card account available for those people and keep post offices open so that they can use it.

Huw Irranca-Davies: As the debate goes on I hope that I shall make clear my personal idea of where the Post Office should be going, focusing on the customer as well as the post office. The hon. Gentleman will remember, as many of us do, the immense reluctance of many people to move to the POCA. However, the POCA has served a useful purpose. I brought a delegation to the House to lobby the Minister's predecessor, because of the concerns about losing the pension books, moving to the electronic system and so on. Actually, experience of the POCA has proved that it has a point. The point of the POCA is that it is simple: money in, money out. People cannot go into overdraft and they do not face the dangers of a wider mechanism.

However, there are disadvantages with POCA and that is why I want us to move away, but to a Post Office product—to a POCA plus, say. Let us find something that does not involve just the high street banks offering the accounts, but a development of the POCA that will allow direct debit. While I can save on average around £230 a year by paying my gas and heating combined bills and other bills by direct debit, the most vulnerable in our communities—the ones who can least afford not to make those savings—are currently in POCAs and precluded from doing so.

We must agree across the Chamber that the argument is not simply, "We must have POCAs; POCAs are brilliant." When I brought the delegation here, POCAs were seen as the devil incarnate. They have a purpose, but we have to build a mechanism and—I argue strongly for this—a POCA plus Post Office product. If people want to use both bank accounts and the Post Office, good for them, but what about others?

Hywel Williams (Caernarfon) (PC): The hon. Gentleman refers to the controversy surrounding the introduction of the card account, which other hon. Members and I well remember. Does he recall being aware that the card account was supposed to be an interim measure? I confess that I was not aware of it at the time.

Huw Irranca-Davies: As I am not a member of the Government, I find it difficult to answer that question; I am sure that the Minister will.

I say openly that I never regarded the POCA as a sufficient product. It was designed to meet a need at that time. We in the House have to be realistic and frank with the public that while the POCA has certain advantages, it also has significant disadvantages. If we want to keep the footfall coming through the post offices—indeed, to encourage more people to use them—and give them the benefits that come with having more than a basic POCA, we must be frank. We should not go out of here today and tell people that it is a disgrace that the POCA is going; let us argue the case for what will come after it.

Andrew George (St. Ives) (LD): I am grateful to the hon. Gentleman; he is generous in giving way.

May I phrase the previous question in a different way, which I hope that the hon. Gentleman is prepared to answer? Do not Post Office card account holders deserve some consistency? In a letter to me received this week, the Minister said of the card account:

"There was never any expectation that we should provide funding beyond"

2010

"and there is no case for doing so."

But a letter from the Secretary of State for Work and Pensions and the Secretary of State for Trade and Industry, dated 3 February 2004, made it clear that there was no expectation that the accounts would be a temporary measure. In fact, the letter said that they intended that people should

"continue to exercise real choice about opening post office card accounts."

Of course they should be developed and improved, but there was no mention then that the accounts were a temporary measure, which is what the Secretary of State for Work and Pensions and the Department now claim.

Huw Irranca-Davies: I am not here as a spokesperson for the Government, or to defend them. I am here to argue a case on behalf of my constituents.

Let me make something clear about the much disputed statement of Tricia Jenkins, which is part of a longer missive. This issue has come about not because of the transitory nature of POCAs, but because of the three pilots, to which I shall return in a moment. Last

November or October, Tricia Jenkins, the National President of the National Federation of Sub-Postmasters, members of which I met when preparing for this debate, said:

"POca does indeed have a limited life. When it finishes, we hope to convert existing POca customers into using another POL"—

Post Office Ltd—

"service. It could be that because POca customers are used to banking, they might be prepared to switch to a bank account. And since we can offer a banking service, we would like to think we can keep those customers. So it is 'all change' in 2010, but it will not necessarily be all bad news."

I am worried about timing and planning and whether we will have appropriate products in place so that if people migrate from, or are migrated out of, POCAs there are suitable products for them to use that will retain the vitality of and footfall within post offices.

Mr. Bob Blizzard (Waveney) (Lab): My hon. Friend is right about timing. Customers might have been reassured that they have until 2010 to move from a POCA to something else, but I wonder whether any of my hon. Friends' constituents have received a letter that some of mine have received, which simply says:

"Those people who can use a bank . . . account should have their Incapacity Benefit paid into it, rather than into a Post Office card account . . . now is the time to make arrangements to pay your Incapacity Benefit into a bank (or building society) account."

That letter caused huge distress to my constituent, who thought that they had to move now. When they rang the number on the form, as they were requested to, they were even more distressed to be told, "You have to have a bank account; trot along to your nearest bank." My constituent lives five miles from a bank and has multiple sclerosis. As a result of that kind of thing, people are concluding that the DWP does not mean what it says. If that is not the case, the Minister is being let down by some of the staff in his office.

Huw Irranca-Davies: I thank my hon. Friend for that intervention. I have not received any such letters directly from customers, but that is because I am not in one of the pilot areas.

I have made this point about timing to the Minister before. I accept that there is a case for developing beyond the POCA—it is in the interests of our constituents, particularly the most vulnerable ones, to do that—but those products need to be there as we do it. There is a crucial time issue, not to do with 2010 per se, but earlier than that, so that people have time to change. It is also to do with 2008, which is when we consider the issue of the social network payment again.

To their credit, the Government have worked hard, with the European Union, to ensure that funding for rural support is extended to 2008. That is excellent, but we must then have another tranche of funding, which we will have to discuss with our European colleagues because of competition regulations and so on. At the moment, we are looking at 2008. That gives us a short window in which the Government, the Treasury, the Department of Trade and Industry, the DWP, Post Office Ltd, the NFSP and the banks should sit down and get in place a range of products that will genuinely address issues of financial exclusion.

Having said all that, let us not forget the commercial realities of sub-post office branches, and that post offices are independent businesses, not public sector organisations and employees. To the Government's credit, in 2003 they recognised the huge social value of post offices to many rural communities and rightly introduced the SNP—not the Scottish National party but the social network payment.

The SNP initially allocated £150 million a year to support the rural post office network in recognition of its inherent social value. That has now been extended to 2008 after negotiations. The SNP provides for three elements, including the annual fixed pay of around 6,000 sub-postmasters in rural post offices—those that would not be commercially viable—and the development of new economic approaches to providing services in rural areas. I shall return to that issue later if I have time, but it does not look as though I will.

The adoption of the policy that there should be no avoidable closures means that the number of rural branches has been relatively stable in the past four years. Roughly 10 per cent. of branches have exchanged hands—I have seen them do so in my own patch in the four years since I have been an MP—but the closure rate is only 2 per cent. There is a lot of flux and movement, but we are keeping branches open, partly through community involvement and, certainly in my area, partly through a proactive stance from Post Office Ltd, Postcomm and others, to ensure that if one branch closes, another opens down the street. That is important.

When he responds, will the Minister talk about the long-term future of the no-avoidable-closures programme? In this transition period, it is vital that while we try to find a new future for some post offices, we do not trip over one thing, lose that policy, and see hundreds of post offices close before we get the new lifelines in place. The sudden panic is to do with the pilots. Will the Minister address that issue in his response? I genuinely want to know the purpose of the pilots and, more importantly, what will happen as a result of them.

I keep returning to the issue of the timing. If the pilots are meant to show the best mechanisms to migrate people when we have the products in place, that is fine, but they have caused a lot of worry. I acknowledge what hon. Members, including my hon. Friend the Member for Waveney (Mr. Blizzard), have already said. If we intend to rush towards the pilots tomorrow and if they were to be rushed out in the Garw, in Ogmore Vale and in Gilfach Goch and Maesteg, it would be a nightmare because of the pattern of banking. Let me explain why.

In my constituency—I do not think that it is untypical—there has been a pattern of bank closures over many years. They have gone in a certain order, which is fairly typical. One of the last to go from Ogmore Vale, which has a population of 7,500 and is a narrow strip valley, was HSBC, a bank that I bank with. It was the last to pull out and so it spent the year before, when the other banks were closing, marketing aggressively. It said, "We are the last bank in town, so come and bank with us. We are the world's local bank." Last year, it shut its doors and went. There is no other bank in the whole valley system.

It is 25 or 30 minutes from Nantymoel to Bridgend town centre. They are areas of high deprivation, covered by the communities first programme, and are some of the areas with the highest deprivation in Wales. When

[Huw Irranca-Davies]

HSBC went, people transferred to the Post Office or to the one remaining other centre, the Halifax building society. Two weeks ago, the Halifax shut its doors. Neither organisation is fully signed up to the banking systems in the post office.

Mr. Christopher Fraser (South-West Norfolk) (Con): I agree wholeheartedly with what the hon. Gentleman has said about access to facilities, and I support his concept of a POCA plus. However, does he agree that one of the biggest problems that elderly people have, particularly with remote banking, is that it is inherently difficult to open a bank account and manage it remotely across a wireless telephone system? Older people, particularly in constituencies such as mine and that of the hon. Gentleman, find that difficult to undertake. The simplicity of POCA and POCA plus is what they are looking for as a consequence.

Huw Irranca-Davies: I would agree to the extent that undoubtedly those who have never had bank accounts before encounter difficulties with not only remote banking but normal banking. Citizens Advice has highlighted that, and I thank it for its briefing. I have the executive summary with me, rather than the 60-page briefing. The Minister might want to respond to that.

Citizens Advice is not against a successor to POCA. It is not against basic bank accounts. However, it recommends that all banks should review their existing basic bank accounts against several principles. There should be no use of credit scoring, because credit scoring is not a disincentive but a roadblock to some constituents when it comes to bank accounts. We tell them that if they want to move to the Post Office they should use a basic bank account, but credit rating makes that immensely difficult. Accounts should be opened on the spot, provided that the customer has acceptable forms of identification. One of the big problems with people who are not used to bank accounts is that, unlike us, they are not used to wandering in with two or three forms of identification. They might not even have the forms of identification that we take for granted. I recommend the briefing to hon. Members, because it gives the issues about banks and financial exclusion.

Twenty-six banks—I have been told 25, but there are 26 on my list—are currently signed up to the Post Office. Perhaps one has joined in the past few days. They provide 26 basic bank accounts. The interesting thing about basic bank accounts, from my understanding and my discussions with regional executive members of the NFSP, is that they can give some of those features like a POCA. However, if we consider facilities such as a balance inquiry, which is something that we take for granted when we are managing our money, Barclays, Cahoot, Barclays cash card account and HSBC do not offer that option.

Let us consider those that offer cash accounts, where one can pay money in as well as take it out. If we are genuine about financial inclusion, we should try to say to people that we do not want to give them unsatisfactory products and for them to be inundated with banks offering everything under the sun, but that we do want them, if they are able and willing, to be able to take advantage of the accounts.

Only 13 of those 26 accounts allow cash to be paid in. It is a disgrace. Nationwide building society, Abbey, Bank of Scotland Easycash, Barclays, First Trust bank, Halifax Easycash, HSBC, Nationwide FlexAccount, NatWest, Northern bank, Royal Bank of Scotland, Ulster bank and Yorkshire bank—none is signed up in the full way that they should be to keeping the Post Office going. If they were, it would mean that a person could go into a post office and not only take their benefits out or have them paid in but, when they wanted to, take that further.

Mr. Eric Illsley (Barnsley, Central) (Lab): Is that not the crux of the whole debate? I know that my hon. Friend is speaking about financial inclusion, but we are faced with a situation where some of the major banks that have been referred to simply do not want to involve themselves. My hon. Friend talks about POCA plus being the next product; POCA plus would obviously be as close as it can get to a normal bank account, but the normal banks do not want to take part. There is a wider debate about competition in the financial services industry and whether the big banks want to be bothered with all such accounts.

Huw Irranca-Davies: I agree with my hon. Friend. I imagine, and I do not think that it is a futile hope, that post offices have a good future. However, it will only be achieved if we have full sign-up. That should come not only from the Government. The Government are trying, and pushing hard, but perhaps the Minister, along with his Treasury colleagues and the DTI, should be putting more pressure on the banks. I am more than happy to sign up here and now to a cross-party campaign to try to put pressure on the banks to sign up fully. When the banks withdraw from our communities, that gives a golden opportunity for our post offices, but not at the moment.

Surely some of the profits made in the banking system could be put in to provide the basics, such as keeping the vitality of the high street in Pontycymer, so that shopkeepers can go in and out—bring money in and keep that going so that the vulnerable and those who need access to money at the drop of a hat can have a free cashpoint and so on. Although we hear the arguments about the commercial imperatives of the banks withdrawing, there is no excuse for banks to stay away from the remaining outlet in many communities, which is the post office. Anything that the Minister, the Treasury, the DTI and we can do should be done to put pressure on the banks to play ball more fully than they are.

I must pay credit to those who have sent me so many briefings, but as hon. Members can see, I am inundated with them. I shall draw to a close, but before I do I want to touch on the issue of cash machines. The Post Office has been trying to increase massively its number of cash machines, but there are significant problems. I want to read from a courteous letter that I was sent from the Nationwide building society about cash machines. It has researched the number of cash machines in various constituencies; other hon. Members might have received such a letter. It states:

"In Ogmore 76 per cent. of machines charge a withdrawal fee. This is one of the ten highest figures in the country and compares to a national average of 43 per cent."

The Nationwide states:

"We believe fee-charging machines are hitting hardest those least able to pay for withdrawals and that this menace contributes to the problems of that element of society who are financially excluded. That is why"—

I applaud Nationwide for this and we should get behind it—

"Nationwide has written to the UK's bank and building society chief executives to ask them to agree to the following pledge:

All bank and building society ATMs should be free to use

Free ATMs should have a standard "free" green sign so that consumers can see at a glance whether or not they will be charged

Banks and building societies should not sell off their free ATMs".

It is deplorable when, in communities such as Ogmore Vale, banks not only do a runner and explain it in commercial terms but then make no effort at all to ensure the "last bank standing" provision of a free access machine, or even to get behind the Post Office. That is deplorable.

I want to draw to a close. The Countryside Alliance sent briefings out as well. It talked about the subsidy that has been achieved until March 2008 but not beyond. It might seem odd to colleagues that I am quoting the Countryside Alliance, but its comment is particularly pertinent. It says that

"the government needs to have a clear view of what it wants from the rural network and what measures need to be put in place now in preparation for 2008."

Quite reasonably, it adds:

"This will need . . . planning and mapping of requirements, and could mean closure of some offices where instead a service is offered by one of the new methods—for example a travelling Post Office."

I have not even touched on the alternative methods, but perhaps the Minister will.

In all this, my focus has been on trying to keep our post offices open—not because I have a romantic view of post offices, but because they frequently offer the last financial services available in communities such as mine and have a social role. I am not arguing for the retention of the POCA as it is, and that may be where I differ from other Members. Frankly, we need something better. I know that the Minister is genuine in his attempts to do that, but I urge him and the DTI to look not only at POCAs but at financial inclusion, to see how we can bang the heads of the various partner agencies together and work out what things will look like in a couple of years. That will not only sustain a good post office network for customers—whatever form that takes—but ensure that we do better on financial inclusion.

I shall not stand here today and defend every last post office on earth for the sake of it—that is not necessarily in my constituents' interests. However, we must ensure that post offices, credit unions and many other bodies form an umbrella organisation. That will ensure that elderly pensioners and lone parents—some of the most vulnerable people in our society, who may not own cars or have access to public transport—can access money in a post office setting and have the whistles and bells that we demand from our current accounts. That is what I ask the Minister to look at in his response today.

Several hon. Members *rose*—

Mr. Mike Weir (in the Chair): Order. Several hon. Members are trying to catch my eye. I intend to call speakers making the winding-up speeches no later than 3.30 pm, so I appeal for brief speeches and interventions.

3.2 pm

Mr. Alan Reid (Argyll and Bute) (LD): I congratulate the hon. Member for Ogmore (Huw Irranca-Davies) on securing the debate and on the excellent way in which he presented his case.

Post offices are important in many of our communities, particularly rural communities and deprived urban areas. Such communities often lack big businesses, and the hon. Gentleman mentioned banks. The post office is very important and is often the core of the community. In villages, it will contain the sole shop or be surrounded by one or two other shops. The money that it pays out to pensioners and those collecting their benefits plays an important role in sustaining the post office shop or the shops round about. Post offices therefore play an important role in the community.

We must find a post office-based solution, not a bank-based solution. If we have a bank-based solution, customers will gradually be drawn away from post offices to the banks, with the post offices gradually losing business. Even though people might theoretically be able to collect their money from some bank accounts at the post office, the loss of business will mean that there is no post office. It is therefore important that we retain post offices and continue with POCA or an improved form of POCA that offers a post office-based solution. People have chosen to use the post office and had to fight their way through the customer conversion centre. Millions of them have put up a big fight to get their Post Office card account.

I want to engage constructively with the Government, but it is difficult to do so when the Minister with responsibility for post offices refers to them as "inefficient physical structures". It has also been difficult to engage with the Government because of the secrecy and the cover-up of the past few years. There has been a secret conspiracy and a deliberate cover-up within the Government in an effort to take people away from post offices. If Government policy remains unchanged—I make no bones about this, and Adam Crozier of the Post Office has made this clear—10,000 post offices will close, leaving only 4,000 in the country.

The Speaker forced the Government to release their secret agreement with the Post Office, and I shall quote a couple of items from it. The first states that the Post Office

"shall not, and shall procure that the PO Personnel and the Post Office Agent shall not, market or procure the generation of Publicity or Marketing for the POCA".

Post Office agents include sub-postmasters, so sub-postmasters are not allowed to market the Post Office card account to their customers—that is what the Government and the Post Office have decided. The secret agreement also states:

"The POCA is intended to be an interim step for Account Holders who will be encouraged by both Parties to migrate to Bank Accounts".

In other words, the Government and the Post Office have agreed that they and sub-postmasters should encourage customers to move to bank accounts.

[Mr. Alan Reid]

I tabled a question to the Minister to ask him about two issues. The first part of the question asked,

"when Parliament was first informed that . . . the Government's contract with the Post Office to pay pensions and benefits into Post Office card accounts lasted until 2010."

He answered by quoting *Hansard* from 4 February 2005, which was two years after the card account started. The other part of the question related to when the Government announced to Parliament that they

"did not intend to renew this contract with the Post Office when it expired in 2010."—[*Official Report, House of Commons*, 13 March 2006; Vol. 443, c. 1849W.]

However, the Minister failed to answer that part of the question. It therefore appears that, until the last month or so, the Government never announced to Parliament that there was no intention to renew the contract in 2010.

I want to enter into constructive engagement and to hear what the Minister sees happening after 2010. With all these pilot schemes, the Government's present approach is moving people away from the Post Office now. The Government have obviously realised that the Post Office card account comes to an end in 2010. We cannot have a big bang in 2010, so there must be movement before then. With all these pilot schemes, the Government are moving people to the banks now. Why are the Government and the Post Office not working on producing an improved form of POCA for after 2010? All that they seem to be doing is moving people to the banks. The letters that they send people simply tell them that they must move to the banks and that they must phone up and give the Government bank account details.

The Government seem to be going down the track of moving people away from the Post Office, and the loss of custom will lead to the closure of post offices. The only legal protection for post offices is in the Royal Mail's universal service obligation, which states that

"not less than 95 per cent. of users"

must be within 10 km of a post office

"in all postcode areas"—

postcode area means the initial two letters of the postcode. That means that large tracts of the country will not need to be within 10 km of a post office. That is particularly the case in a postcode area such as mine—the PA postcode—where the vast bulk of residents are in the urban areas of Renfrewshire and Inverclyde, with my rural area added on. If the proposed policy is implemented, only a handful of post offices would be left in my constituency of the 100 or so that are there now. I therefore appeal to the Government to engage positively with pensions groups, sub-postmasters and other parties, to keep the Post Office card account for the moment and to produce a post office-based solution after 2010.

3.9 pm

Mr. Eric Illsley (Barnsley, Central) (Lab): It is a pleasure to follow the hon. Member for Argyll and Bute (Mr. Reid). I take his point that there seems to be a policy of running down the post office network, but I disagree that that is somewhat secret—it has been painfully obvious to everybody that the future of the sub-post office network is under threat.

This is an important debate, and I congratulate my hon. Friend the Member for Ogmore (Huw Irranca-Davies) on raising the issue once again, because the Minister needs time to explain the Government's position. I will therefore keep my remarks very brief. The debate is important because it relates to issues such as financial inclusion and the future of the sub-post office network. It raises questions such as whether the big banks are involved or want to be involved, whether there is over-provision in the financial services sector and whether the major banks simply do not want to be bothered with this type of account and would point to what my hon. Friend calls POCA plus as being like a normal bank account and say that people can now have mainstream bank accounts.

At the end of the day, however, the reason for the POCA was to maintain the post office network. Once we look towards mainstream bank accounts—current accounts with major banks—and moving away from POCA or POCA plus, there is no reason to have that facility in post offices. Once we remove the POCA, the sub-post office will die on its feet because of the lack of income, unless there is something to do with the finances of which we are not aware. What does the Post Office get out of this system and what does it cost the Government? When will we obtain the figures so that we can see for ourselves what the juxtaposition is?

Mr. Blizzard: In the context of what my hon. Friend is saying, one of the sub-postmistresses in my constituency said that it would make a huge difference if more banks had the LINK mechanism and if all the banks with the LINK mechanism signed up with the Post Office. At the moment, Nationwide is there—good for Nationwide. Why are the others not there?

Mr. Illsley: That is a fair point and it is part of the debate about financial services. An automated teller machine near my home is in the local garage, so when I fill my car with petrol, I can withdraw money. I need not go near a post office—or a bank, come to that. If the post office closes but the garage is still there—the chances are that garages will outlive post offices—people will be able to use that ATM, which does not charge for my account. That poses a threat to the sub-post office. Much of the argument is about the future of the sub-post office network.

I wanted to speak in the debate because I have received more than 40 letters this week about one sub-post office in what is an urban constituency, because the sub-postmaster has told the customers that the Government's withdrawal of the POCA from 2010 could pose a threat to the post office, and the customers have reacted. I cannot recall receiving so many letters in such a short time about one issue. My hon. Friend the Member for Ogmore talks about the Post Office and takes a romantic view. I am talking about people who have put pen to paper because they have a beef about the future of their post office. To many people, the future of the network is hugely important.

Chris Bryant (Rhondda) (Lab): Is not the central point the fact that somehow or other the Government must ensure that after 2010 everyone can still withdraw their money, whether it is pension money or whatever, from a post office, not principally to keep post offices

going but because that should be their basic right? The Government should have given people that guarantee. We hope that, whether or not it is called the Post Office card account, there will be that guarantee for everyone, whether they live in a rural constituency, a poor constituency or a semi-rural one such as mine.

Mr. Illsley: I agree, but whether we have a right to a sub-post office network is debatable. There is a school of thought that says that the Government are not committed to that network and would be quite happy to see it wither on the vine, the way things are going. However, something may be being negotiated between the Post Office and the Government so that there can be a future for what my hon. Friend the Member for Ogmore calls POCA plus, which will slot in between the post offices and the banking network.

I return to the question of what a sub-postmaster gets from someone coming into his post office and using a high street bank card. Can sub-postmasters draw an income from that? If they can, what are sub-postmasters complaining about? Let us give everyone a bank account and let them go into the post office and use it as a branch of their bank.

Huw Irranca-Davies: One of the interesting discussions that I had with a Welsh executive member of the National Federation of Subpostmasters in Wales was on that very point. He pointed out that, with POCA, a person gets 15p for every £100 transaction. They have to have £100. However, for a banking transaction, regardless of its size, someone gets on average 13.5p. The average transaction involves about £50, so we are talking about 27p per £100. To return to what my hon. Friend was saying, the issue is the wider level of support. If it is not POCA, what will keep those post office branches going?

Mr. Illsley: Some revealing facts are coming out about the amount of money that post offices and banks get and whether we can achieve something in the middle. As we know, all manner of new banking products are introduced every day. There is huge competition in the banking sector. I am referring to direct debit banking, internet banking and so on. People are obviously sat in a room somewhere designing new products even as we speak, moving away from POCA plus towards accounts with all the bells and whistles to which my hon. Friend the Member for Ogmore referred. The caravan is moving on in terms of what is available in the financial services sector. My hon. Friend made the good point that the profits made by high street banks these days are incredibly high—more than £1 billion for each bank that declares profits. Why are we talking about profits such as that and yet high street banks are not coming into this system? We are arguing for people who do not have a basic bank account.

I come to the question whether the POCA was meant to be permanent or temporary. I could not recall anyone saying when we debated the system initially that it would be temporary. I can see the point in including people in financial services and migrating them from the POCA to a mainstream bank account; that is about financial inclusion. However, I do not recall the argument that the POCA was to be temporary. The Government said in response to the Trade and Industry Committee that the contract would last until 2010. I think they said that it was too early to speculate beyond that point. They did not say that the system would end in 2010 and they would not renew it. The fact that it will be ended so soon has caused a lot of concern.

I take the Minister's point that, for 25 per cent. of the delivery of Government benefits, this system takes up 80 per cent. of the cost. It looks as though the Government set up the system in 2003 and have since realised that it is costing a hell of a lot of money for a small number of customers, hence they need to get out of it pretty quickly. It looks as though the Government are getting out of it sooner than 2010, given the pilots and the fact that people are being encouraged to move away from the account. The pilot schemes involving migration are causing the problem. The POCA is closed to new entrants; 35,000 individuals with Post Office card accounts have been told to open a bank account; and 2,500 accounts have simply been closed. Those are the reports that have reached me. It looks as though the Government are intent on closing the contract down even before 2010.

It would be interesting to hear from the Minister whether the cost to the Government is a factor in the midst of all this. It is important that we debate the sub-post office network, but an hour and a half in Westminster Hall does not do the subject justice. The Government should consider allowing extra time to debate the sub-post office network, perhaps on the Floor of the House, because it is a serious issue. The Government should also end the uncertainty and either agree to extend the contract for a couple of years beyond 2010 or make a statement of certainty on what will happen, so that people with the accounts know what will happen and we can advise our constituents for the future.

3.19 pm

Hywel Williams (Caernarfon) (PC): I will be brief both to save my voice and not have it jangle on your nerves, Mr. Weir, and to give the Minister time to respond to the debate. I congratulate the hon. Member for Ogmore (Huw Irranca-Davies) on securing the debate and on his speech. I, too, have received a postbag on this issue. Some of it has been prompted by the fact that post offices in my constituency are being closed or are potentially being closed and replaced by a van, which I am sure will provide a good service for the few hours during which it is available, but which in global terms will reduce the service available from local sub-post offices.

My constituents make two points when they write to me. Initially, they are concerned that the Post Office card account will probably disappear, but they also make a slightly more subtle point: they are concerned about the lack of consistency and security, particularly for those who are older or have a disability. That is a particular issue in my constituency and those of many hon. Members present who represent rural areas, where there is a higher than average percentage of older people, of people with disabilities and certainly of people who are financially excluded because of their income or employment record.

Mark Williams (Ceredigion) (LD): I want to help the hon. Gentleman state his case. Does his postbag, like

[Mark Williams]

mine, reflect a deeper concern about the viability of post office shop businesses in his constituency? Does he recognise the character of one of my village post offices, Llanrhystud, where 130 Post Office card transactions take place each week? The viability of the shop associated with that business will be very much under threat if the uncertainty continues.

Hywel Williams: The hon. Gentleman makes a very good point, and I will refer to that issue now rather than later, as I had intended. There are great potential effects on local sub-post offices, and that is in contrast to the great efforts made in areas such as mine to support local shops. In my constituency a village co-op was set up specifically to buy the local post office-shop. The huge effort that went into that may now apparently be rewarded by a severe blow to the income of that business. We certainly must have concerns about footfall and the amount of other business attracted to shops by the Post Office card account facility. As has been noted by other hon. Members, the Prime Minister has said that he wants the network to thrive, and that wish is shared by all of us. However, given the points made by me and other hon. Members, how can it thrive?

I finish on a point that another hon. Member made about the service to the individual customer. There is a certain amount of pressure on card users to take advantage of a bank account. People in some parts of my constituency would say bitterly, "What bank account?" When one looks at deeply rural areas—some of my constituents have to travel eight or even 15 miles to access their bank accounts—one has to be sceptical to say the least.

I refer hon. Members to the report of the Select Committee on Welsh Affairs. In the previous Parliament, I had the opportunity to be a special adviser for its investigation into financial exclusion. One need only look at the response at the time of the large clearing blanks to the closure of branches, to which the hon. Member for Ogmore referred. I will give a particular example that Welsh Members will relish: a bank in the Rhondda was closed and the alternative service offered was in Pontypridd. That is but 3 miles away as the crow flies, but as the bus or train travels, it is a day's expedition to get to the nearest bank. That was the level of understanding demonstrated at the time.

Chris Bryant: As the hon. Gentleman mentioned my constituency, I thought it incumbent on me to comment. I am not particularly sure which part of the Rhondda he thinks is 3 miles from Pontypridd, but large parts of it are 12 miles away from it. One recent closure was in Treherbert, and that was very disturbing. Does the hon. Gentleman not think it ironic—worse than ironic, in fact—that many of the banks show no great interest in many such communities when it comes to providing banking services, except when they want to lend money to people? Then they are quite happy to provide them regularly—almost daily—with yet another free, pre-arranged, pre-guaranteed credit card, pre-guaranteed loan, or with credit card cheques? There is a great deal of hypocrisy going on with some of the banks.

Hywel Williams: The hon. Gentleman makes a very good point. It strikes a very false note when credit facilities are pushed on people who cannot afford them, while they cannot access bank accounts. That is a particular issue in areas of high deprivation such as the hon. Gentleman's and mine.

I support the point that the hon. Member for Ogmore made about bringing in POCA plus, an improved Post Office account. That sort of account exists in many European countries and is very successful there, and I have no idea why we cannot replicate that in the UK.

3.25 pm

Andrew George (St. Ives) (LD): I am aware of the need for brevity, and following the excellent contributions of the hon. Member for Ogmore (Huw Irranca-Davies), who secured the debate, my hon. Friend the Member for Argyll and Bute (Mr. Reid), and the hon. Members for Barnsley, Central (Mr. Illsley) and for Caernarfon (Hywel Williams), I wish to make just three brief points.

First, it is clear to me that we all have to accept that, although we feel strongly about the issue and have communities who have depended on post offices for many years, any decisions on the future of Post Office Ltd and our post offices cannot be made purely on the basis of sentimentality, and we cannot plan the future of those services purely on that basis. However, we need to make sure that the decisions are made on the basis of giving Post Office customers genuine choice, not a lack of choice.

Many of us who followed the offer of a variety of methods of collecting pensions and other benefits feel that despite what the Government have said, a lot of the choices that we believe should be available to customers have been closed, denied or at least made extremely difficult. Large and significant obstacles were put in the way of customers, both in terms of the information put out in Government leaflets, and the complexity of the forms that people needed to complete to open a Post Office card account. For other reasons, those opportunities have been significantly restricted. Despite those obstacles, and the obstacle course that the Government have put in the way, the fact is that a larger number of people—4.7 million of them—opened Post Office card accounts than the Government anticipated.

Secondly, the Minister needs to address the issue of the honesty with which the Government are managing the next stage of the future of the Post Office card account, and their decision to close options beyond 2010. As I said earlier, I received a letter—sadly, the date on my copy is too faint, but I will provide it later—this week from the Minister. He says:

> "It was designed as a stepping stone to help people who had not used a bank account before get used to banking before moving on to an account offering more features. The Post Office card account contract runs up to 2010. There was never any expectation that we should provide funding beyond that date and there is no case for doing so."

Earlier, I also referred to another letter, signed by both the then Secretary of State for Trade and Industry and the then Secretary of State for Work and Pensions. I shall quote from page 4 of that letter, which was circulated to all hon. Members, and I shall do so in full, to be fair. It says:

> "New banking services and the introduction of the Post Office card account are central to the future of the Post Office."

If it is central to the future of the Post Office, why is that option being closed down? Nothing in that five or six-page letter referred to the closure of the card account.

Tim Farron (Westmorland and Lonsdale) (LD): I have 50 post offices in my constituency. The largest single cause of closure of post offices is people reaching retirement and not being able to sell on their business. Would my hon. Friend agree that it is the uncertainty created by the lack of clarity over the future of the POCA, and indeed of the rural post office network grant, that causes those people not to be able to sell on?

Andrew George: I agree with my hon. Friend, and I hope that the Minister has taken that point on board and will consider it.

The third and final point that I wish to make is simply that the uncertainty is putting the most vulnerable in society at the mercy of the banks. I have taken up a large number of cases on behalf of constituents, and am also aware of other cases on which the Office of Fair Trading ruled in July. Some bank account customers find themselves with unauthorised—or, indeed, authorised—overdrafts with charges that the OFT has found against. It asked the high street banks to regularise and make more transparent their opaque charging mechanism, particularly for people on very low incomes, the people we are talking about when we talk about Post Office card account users. Given that those banks were given three months to respond and they have still not come up with any conclusion at all at this stage, I hope that the Minister accepts that, with this measure, he is throwing the most vulnerable in society at the mercy of an unacceptable situation.

3.30 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): I congratulate the hon. Member for Ogmore (Huw Irranca-Davies) on securing this debate and on his eloquent opening contribution. I strongly echo the remarks made by the hon. Member for Barnsley, Central (Mr Illsley) that although a debate in Westminster Hall is important, it does not give enough time to debate this matter in full. Reiterating a point made in a previous debate, we should have some Government time in the main Chamber to debate this matter more fully.

Hon. Members have been right to say that the news that the account was temporary came as a shock to many people. As my hon Friend the Member for Argyll and Bute (Mr. Reid) said, it was a well-kept secret by Ministers during the crucial period when the card account was being rolled out. In a letter sent on 21 February this year, the DWP told one correspondent that

"drawing attention to the end of the Post Office card account contract may have been seen in a negative light by critics. Therefore we made the decision not to refer to it."

That could not be more explicit. That is cynical spin and manipulation of an important issue.

Of course, a vast number of people are affected by this change. Some 4.7 million have opened Post Office card accounts and 6,500 make use of them every week in my constituency. Why have they proved so popular? Simply because they are based in the post office, an institution for which people have a great deal of trust and respect and which is simple to use.

The card account contract, as it has been said, was worth more than £1 billion over its term to post offices and without that income many of them could be forced to close. As Adam Crozier, the chief executive of the Royal Mail, has made clear up to 10,000 closures could be caused by the end of the Post Office card account and the removal of the social network payment, to which the hon. Member for Ogmore referred. Rural areas such as the highlands, and deprived urban areas with high concentrations of benefit recipients, would be worst affected if that were to take place.

I should be interested to know from the Minister whether the approach to this is based on joined-up government. We hear rhetoric about supporting post offices, but Departments seem to act contrarily. Have the Government made any estimate of how many post offices they would expect to close if the Post Office card account is withdrawn?

The pilots, which have already been mentioned, are over, thank goodness, but not without considerable distress being caused to some of the people affected, as has been said. In one case that I have been informed of, a letter was sent informing the person that their pension would be switched to a bank account, without their consent, three days after th[illegible]tter was received. No wonder the Government's approach to this matter has been seen in the poorest light possible so far.

Given that one of the main reasons for the popularity of the card account is that it is post office-based, surely it would have been better to allow the Post Office to develop its POCA product for 2010 onwards and include that option in the pilots. The risk is that the Government will come back from the pilots and say, "Ah yes, people are quite happy to switch from the POCA to a bank account, so there's no need to worry," especially because people in pilots were not informed of their right to keep a Post Office card account. I am concerned that the pilots are a hanging jury for the POCA, a test specifically set up for the Post Office to fail in order to justify cutting the support provided to post offices for receiving benefits and pensions.

Will the Minister commit today to making public the results of the evaluation of the pilot schemes in detail? Will he explain in his response the use that he intends to make of the pilots? Are there any plans for any further pilot schemes to be conducted? If so, have the Government learned the lessons from the lack of consultation on the pilots and the hostile reaction that they generated among many people?

If the Government are still determined to abandon the Post Office card account and its nearly 5 million users, how will its phasing out be conducted, if they wish to honour the contract in full? That point has been made by other hon. Members. Will people who do not already have other arrangements in place simply have their Post Office card account closed and payments cancelled overnight in 2010, or, in order to satisfy the need to end the contract in 2010, will the accounts be withdrawn before that? What is the plan for phasing out the card account, if it is not to be continued?

I concur with remarks made by other hon. Members in this debate. Why not build on the success of the Post Office card account, rather than remove it? After all, it has proved to be popular and attracted nearly 5 million users. What efforts have the Government made to work

[Danny Alexander]

with the Post Office to develop and enhance the Post Office card account, perhaps in line with the POCA plus, as the hon. Member for Ogmore suggested, and perhaps by adding features to the card account in future?

It is worth pointing out, as the hon. Member for Rhondda (Chris Bryant) said in regard to debt, that one feature that most puts people off having a bank account, especially elderly people, is the idea of an overdraft and setting up a direct debit and running into debt. Of course, the banks make money by people getting into debt and paying interest, which is perhaps why the banks have shown less interest in this product. That will be a major concern, before adding too many new features to the Post Office card account plus.

Adding features would allow customers to stay with the Post Office, which they trust, maintain vital income for post offices, so the services can continue to be provided in rural communities, and allow customers to develop their use of banking-type services. If that happened, the nearly 5 million current card account users would not all have to go through the disruption and upset of changing accounts and there would be a smooth transition between the card account and the card account plus. Rather than the Government saying to people, "This ends now and you're going to have to make a choice about where you go from here", it is a much better way to proceed.

Is not the offer of using a bank account at the post office a pretty hollow one, given that, as Citizens Advice says, 60 per cent. of personal bank accounts are not accessible at the post office at the moment? For example, the Royal Bank of Scotland, HBOS and HSBC do not allow access to their main bank accounts at post offices. In that sense, as the hon. Member for Ogmore said, Post Office card accounts are good for financial inclusion.

Is not the real risk of abandoning the Post Office card account, rather than developing it, that, as Citizens Advice says,

"a new class of unbanked people"

will be created? It is worth noting that 700,000 people currently still receive their benefits or pensions directly by giro payment. Is not the risk that that number could balloon even further, if the card account is ended without a suitable post office-based replacement being put in place well in advance?

Willie Rennie (Dunfermline and West Fife) (LD): I thank my hon. Friend for giving way. In Dunfermline and West Fife, we have 18 rural post offices, many of which are under threat, including some in former mining communities, like Blairhall and Oakley. However, a lot of the post offices are failing to invest, because of the uncertainty about the future. Does my hon. Friend agree that the Minister should address this uncertainty?

Danny Alexander: I am grateful for that intervention. I certainly agree that the Minister should do that.

In conclusion, I urge the Government to think through more clearly the impact on benefit claimants and pensioners of the change—abandoning the Post Office card account—and the impact on post offices. I urge the Minister to look seriously at the option of a seamless continuation, with an enhanced Post Office card account after 2010, rather than a disruptive process of ending the card account and asking people to go hither and thither into bank accounts. That would be good for customers and post offices. Most of all, I urge him to be up front and straightforward about the process, rather than repeating the serial deception that we now know took place when the card account was introduced.

3.38 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): I congratulate the hon. Member for Ogmore (Huw Irranca-Davies), not just on securing this debate, but on a thoughtfully forensic contribution, which I think we all appreciated.

This is an important issue that will not go away. More than 350 signatories in this House have put their names to two early-day motions, marking out clear dissatisfaction with how the Department has handled this issue. The payment of benefits through POCAs is vital to any serious analysis of the future of the post office network.

Since the last POCA debate on 15 February, a rather important letter has been circulated to some hon. Members from the managing director of Post Office Ltd, Mr. Alan Cook, and I should like to read into the record some important points made by him.

"We were both surprised and disappointed to learn the Department for Work and Pensions had decided not to support the POCA after March 2010 . . . we were well aware, of course, that the contract—like any other—had an end date. But we expected all along that the contract would either be renewed or the POCA would be replaced with a similar product and would generate equivalent income for sub-postmasters and the network.

We are also disappointed that the DWP has launched a series of pilot schemes to test ways of moving existing customers away from the POCA to other payment channels for receipt of their pensions and benefits, as well as not making the POCA available as a payment option to some new customers. The effect is to begin now a rundown of the POCA before the Post Office has had time to develop and introduce an alternative product."

That has been the thrust of many Members' arguments today. The letter goes on:

"The withdrawal of the POCA would mean that after 2010, less than 10 per cent. of the network's revenue would come from Government departments, in contrast to the position a decade ago when the majority of business transacted in our branches was Government business."

Mr. Cook concludes:

"The Post Office network, which makes a loss of some £2 million a week on its operations, currently derives £200 million of revenue a year from the use of the card".

The managing director himself has given us some understanding of the massive contribution made by the POCA to the turnover of sub-post offices. That, I suggest, is revenue that they can ill afford to lose.

That letter leads me to the conclusion that Ministers have been guilty of at least leading on senior Post Office management for years. Ministers have created a sense of uncertainty among customers, many of whom, as we have heard, are old and vulnerable. Although Ministers have had plenty of opportunity to do so, they have not made clear what will replace the POCA.

What about the consumer and the customer? We all know that a key factor in people's decisions to opt for the POCA instead of a basic bank account has been the

ability to withdraw benefit payments over the counter at the post office without any hassle. We know the problems with basic bank accounts. As the hon. Member for Ogmore described in some detail, of 26 basic bank account products, about half had serious restrictions in respect of balance inquiries and the rest. The hon. Member for Barnsley, Central (Mr. Illsley) pointed out what we all know: a lot of banks are really not that interested in basic products. They will not extend a suite of options to users of basic bank accounts, even assuming that such accounts could be accessed at the sub-post office, whether in a village or an urban area.

In effect, Ministers are trying to kill off the POCA well before 2010. Without any real consultation, they have imposed three pilot schemes. We have heard about the unhappy situation of someone in the constituency of the hon. Member for Waveney (Mr. Blizzard), in my county of Suffolk, who was put to trouble by the letter he received as a result of being on one of those schemes. I shall not rehearse the details of the scheme, but one fact is key. I asked the Minister in respect of the POCA about when the three pilot schemes would be completed. I asked him

"what plans he has to increase the number of people covered by these schemes."

The Minister, who is here today, replied:

"The pilots... will be concluded by mid-March. When they are completed we will evaluate the results and discuss the findings with the Post Office and other key stakeholders. I have no plans to increase the number of customers covered."—[*Official Report*; 14 March 2006, vol. 443, col. 2164W.]

It seems from that answer that he is not going to do any more pilots, and that this will be the last word on test driving new ways of migrating people from the POCA to basic accounts. However, nowhere in anything the Minister has said today or in any parliamentary answer that I have seen is there any clue about when an announcement will be made about an alternative to the POCA, how much that would cost, what functionality it would have and what kind of revenues it would be likely to deliver to the sub-postmaster network that so desperately needs something like the POCA, never mind to the customers who want a replacement card.

When the pilots have been properly evaluated, will the Minister have a public discussion, not just one with the Post Office behind closed doors? Will he publish all the results in respect of where he thinks the pilot leads us in the development and delivery of an alternative to the POCA, if that is what he has in mind? I also seek an assurance that he will not be doing any more piloting—that he will get on with it.

The interim nature of the card has come as a surprise to a lot of us in the past few months; the cat has been let rather belatedly out of the bag. Will the Minister end the worry and concern caused to sub-postmasters and users of the POCA, and tell us today what will replace the POCA and when? If he cannot tell us today, will he tell us why not?

3.45 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): I, too, congratulate my hon. Friend the Member for Ogmore (Huw Irranca-Davies) on securing this important and instructive debate and on his excellent and thoughtful speech. The debate has been good, but will be a wee bit better if I can make a comprehensive response to all the points made by hon. Members. I say up front that I shall be rather less generous in giving way than last time. I want to give the reassurances that almost every hon. Member who has spoken has asked for, and I want to answer the questions that they have raised; I hope that that will be borne in mind as I proceed.

For the most part, the debate has rightly focused on the future. Now that the Post Office card account has been running for three years, we see that it fulfils the interim purpose for which it was designed—namely, providing a very basic form of account for collecting benefit payments via a post office. It has been taken up by those who did not have any form of bank account, as well as by others who do.

However, three years into its operation, we can also see its significant limitations. That, too, has been broadly expected. Let me remind hon. Members of the preamble to the card account contract between the Post Office and the Government. I make no apology for repeating it; it is extremely important. The contract states:

"Under the Government's present policy to combat social exclusion and in order to improve the efficiency and effectiveness of government and minimise fraud, Benefits recipients will receive Benefits by Direct Credit. A POCA will complement the range of Bank Accounts available to customers; in particular, to promote a service to those who do not have or cannot otherwise obtain a Bank Account.

The POCA is intended to be an interim step for Account Holders who will be encouraged by both Parties to migrate to Bank Accounts which provide services and opportunities not available through the POCA."

To fulfil the undertaking in that contract, we, with Post Office Ltd, need to start to plan the range of products to be available from 2010, based on customers' actual behaviour and requirements. That is the context into which the pilots fit; without doing the piloting work, we shall not know how to proceed with that migration in advance of 2010.

Let me reassure hon. Members who raised points, which I have been interested to hear, about the pilots. The pilots were discussed with the Post Office before they were commenced. The Post Office saw the letters that we sent out to customers in the pilots and raised no objections to them. As has been indicated already, the pilots have concluded; they finished on 10 March. We are now analysing their results. We shall discuss the results with the Post Office and, yes, I shall be more than happy to put those results into the public domain and report later to Parliament on them.

Andrew George: Will the Minister give way?

Mr. Plaskitt: Yes, but I will not do so often.

Andrew George: Given the nature of the quote from the original POCA contract with the Post Office that the Minister has just read, will he, bearing in mind the six-page letter from both Secretaries of State that I read out earlier, apologise on behalf of the Government for having misled the House into believing that the Post Office card account was going to be a substantial contributor to the very future of the options available for post office users?

Mr. Plaskitt: No, no one has been misled about this matter. It was explicit in the contract right from the outset. Statements were made way back in 2003 at the launch—Labour Members referred to this in terms of the Select Committee—to the effect that it was too early to comment about what would succeed the POCA. In 2003, of course that was right, because it was just beginning its life. It has four more years to run and will last until 2010. That is why now is an appropriate time to start thinking about what will succeed it.

Some, who allow large balances to build up in their POCA, would be better off with a savings account, and the Post Office is developing one. It is currently being piloted in Scotland. Some customers could be equally well served by a bank account that they can use at the Post Office. That would still generate income and footfall for the sub-postmaster. As my hon. Friend the Member for Ogmore pointed out, if there is a larger switch from card account to post office-accessible bank account, the revenue stream for sub-postmasters might be higher than it is under a POCA. The migration is particularly important for them as well.

Clearly, some people will still need a product like a POCA because they cannot manage, or perhaps do not wish to have, a bank account. Even in that area, we could do more for financial inclusion if the replacement products were better targeted on the unbanked and perhaps offered some services that the POCA does not, such as the ability to pay in cash and cheques. None of that will happen overnight. The POCA still has several years to run, but the responsible thing to do now is to start planning for the world of 2010 and beyond. That is exactly what we, and the Post Office, should be doing, and are doing; it is what we are jointly contracted to do.

There is no doubt that the post office network faces real challenges. We want to work with the Post Office to help it meet those challenges and seize the opportunities available to it. The world of financial services has changed dramatically in the past decade alone and is continuing to evolve. The expectations of customers and the way that they want to do their business have changed enormously and will continue to change. There is a trend towards a cashless society, including the increased use of direct debit, the internet and e-mail, which means that we also need to respond to the service requirements of increasingly sophisticated customers in a changing world.

Technological and other improvements are opening up completely new ways of doing business and leading to a further transformation in lifestyles and customer preferences. As hon. Members have said in this debate, that has already had a very significant impact on the Post Office. Post offices are no longer places where people just cash their benefits or pensions; they buy lottery tickets, insurance and foreign currency, top up their mobile phones and take out loans in post offices. Responding to that, the Post Office continues to develop and actively promote new products, in competition with other providers.

The challenge for the Post Office is to provide a range of high-quality services that people want to use, and to do so in the context of that rapidly evolving customer base, and in the context of a crowded field of financial service providers. We would like every Department for Work and Pensions customer who has a POCA to continue to do their banking at the Post Office if that is what they want.

We want to work with the Post Office to plan how we can best manage the change and ensure that we are delivering services that will match evolving customer demand. The Government's commitment to the Post Office—every single one of us understands its importance in our communities—is clearly confirmed by our record of support. We have invested more than £2 billion since 1999 to help the Post Office develop its services and have made available £750 million to support the rural network, as a result of which the rate of rural closures has slowed dramatically.

The Government have also provided £500 million to help computerise the entire network, which enables the Post Office to tap into new markets and open up its counters to those 20 million bank customers. I understand why in the context of this debate there is a heavy concentration on the 4 million or so POCA users. We should bear in mind, as the Post Office should, that 20 million bank customers have accounts that are potentially accessible at post offices. That is an even bigger market to go after. Many of those customers are probably unaware that their bank account could be accessed through a post office. That represents a campaign to be taken up by the Post Office in addition to the current issue about the POCA.

The Government want a post office network that can prosper on the basis of today and tomorrow's needs.

Mr. Blizzard: Will the Minister say how many of the 4 million POCA customers were involved in the pilots? Were those involved spread across the whole country or were they concentrated in certain areas?

Mr. Plaskitt: Some 30,000 POCA customers were involved in the pilots; geographically, they were spread across the entire country. I wanted to let my hon. Friend come back in on this matter, because I wanted specifically to reply to the point he made in an earlier intervention. He talked about the way in which a constituent was spoken to by an official. As far as I am concerned, that should not have happened and I am grateful that he has drawn my attention to the matter.

The Post Office is already developing new banking and savings products that will be suitable for some existing POCA customers. In addition, appropriate products must be in place for vulnerable customers when the POCA contract ends in 2010. We will work with Post Office Ltd to ensure that such accounts are available. The Post Office's own research shows that POCA customers are far from a homogenous group. They range from some vulnerable groups to those who do not depend on their pension or child benefit but who still let large balances build up in their card accounts, despite the fact that they pay no interest.

It is likely, therefore, that as we look to 2010 and beyond there will be a range of accounts. For some people, using an existing bank account might well be the right answer. Most of the big banks offer basic bank accounts, as has been mentioned, which are very similar in their day-to-day operation to a POCA, and all with post office accessibility.

I have explained how the Government support the Post Office. I have also tried to stress that this debate is not taking place against a static background. If the

Post Office stands still in the range of financial products that it offers, it will be left behind. If the Government and the Post Office work together to honour the contract to which we were joint signatories in 2003 and to develop further products, that would be the correct response. If we do not do so, it will pitch post offices into a far worse position in 2010, than if we were to start working now in anticipation of the contract's expiry.

I repeat that there is opportunity for the Post Office. That has not just been recognised by me, as a Minister in the DWP, but by Tricia Jenkins, who is the National President of the National Federation of Sub-Postmasters. At its conference last year, she said:

"POCA does indeed have a limited life. When it finishes, we hope to convert existing POCA customers into using another Post Office Ltd service . . . and, since we"—

the Post Office—

"can offer a banking service, we would like to think we can keep those customers. So it is 'all change' in 2010, but it will not necessarily be . . . bad news."

Undue pessimism and scare stories suggesting that, as a consequence of the current POCA contract ending in 2010, thousands of post offices will close and that customers will no longer be able to collect their benefit or pension at the post office, are not only totally misleading but, by spreading unfounded fears, are not in the Post Office's interests. We want to work with the Post Office and in the best interests of our joint customers, but it is important that the Post Office makes rapid progress in developing its own new products so that they are in place, and established, when customers need them.

We are ending the Government funding for the POCA in March 2010, as was always planned. People will still be able to collect their benefit or pension at the post office, as was always promised. If customers continue to use post offices, that will help them to stay open. Crucial to achieving all of that is having the right products in place at the right time. That is why we are working with the Post Office to bring that about.

MOD Llangennech

4 pm

Nia Griffith (Llanelli) (Lab): I have asked for this debate because there is still a good deal of confusion about exactly what is happening at MOD Llangennech, and staff at Llangennech have a number of concerns.

First, we need to understand that there are several different sections at Llangennech: forms and publications, commodity management; forms and publications, storage and distribution; civilian records; the print facility; and timber and metals.

We then need to understand what has happened so far. In the process of the future defence supply chain initiative, two private consortia—BAE Systems and DML—bid for the parts of the defence supply chain and lost against a bid from the Defence Storage and Distribution Agency, or DSDA. DSDA therefore retained the work, but, as part of the bid, it planned on outsourcing "non-core" activity. Most of Llangennech's work is non-core as, in the main, the centre stores, distributes and commodity-manages paper. The forms and publications section employs the largest number of staff—it employs the majority of the staff at Llangennech.

As part of the FDSCI process, bids were originally put in for this work by consortia such as BAE and partners. It was won by an in-house bid that proposed closing the Llangennech site and transferring the work to other Ministry of Defence sites. As part of the bid, DSDA also planned on outsourcing non-core activity.

The MOD has enabling contracts with the private sector—with Astron to carry out print tasks, and with TNT for records storage. The print contract is being re-let and has been extended to include forms and publications storage, including the commodity management thereof. Astron has in the past done single tasks for the MOD. It now appears that, by means of an extended contract, it is being given the opportunity to take over the work of the print unit. That is happening without any formal bidding procedure. Furthermore, Astron is also now being given the opportunity to take over the forms and publications section. Again, that is being done by means of an extended contract.

The Minister has stated that

"our consideration will examine the cost-effectiveness of retaining the work at Llangennech".

If the work is now being given to the private company Astron—rather than just being kept in-house—the work force at Llangennech would like to know if they could also put in a bid to do the work. To create a level playing field, it is not sufficient that the charges Astron is proposing for the work should be compared with the existing costs at Llangennech. The work force should have the opportunity to look into potential savings and then put together a professional, competitive bid.

In the original bidding process, the bidders—BAE and DML—headed up consortia which included distribution companies. Realistically, they had to be consortia in order to provide the full coverage of the service. Astron is being given the work as a single company. It subcontracts its work. However, it is unclear whether Astron is either able or entitled to undertake the distribution of the MOD's printed

[Nia Griffith]

matter. The MOD's in-house distribution network covers all parts of the globe. Moreover, the distribution element was included in the bidding process under the FDSCI. Therefore, I should be grateful if the Minister could clarify whether the cost to the MOD of the work carried out by Astron includes distribution to all theatres—the Falklands, Afghanistan, and the middle east. As the Minister will be aware, initial plans by Westland to undertake distribution were hastily abandoned when it realised the scale, the complexity, the cost and the legal difficulties of distributing to destinations such as foreign embassies. Given that for legal reasons—customs law—Westland was unable to distribute outside the UK, I should be grateful if the Minister would clarify whether Astron is in a position to undertake distribution.

A further issue arises: by handing the work over to one firm with no competitive bidding procedure, is the MOD really getting value for money? What happens if one of the unsuccessful bidders, such as BAE, complains that the work is now being given to a private company that did not bid for it in the first place? Although both DML and BAE lost out on the FDSCI, both Astron and TNT—but especially Astron—stand to benefit from its outcome without having to bid directly. It is difficult to see how DSDA can win an in-house bid on the one hand, thereby demonstrating value for money, and yet not represent the value for money option in terms of forms and publications storage, commodity management, print and the storage of civilian records. How can DSDA store other material more cheaply than the private sector and yet not the material stored at Llangennech?

The process may well be perfectly legal, but it still does not seem to be very transparent. Effectively, DSDA, with an in-house bid, is giving work to a private company without any bidding process. What the staff at Llangennech are saying is this: "As the work is now going out to private tender, we would like the opportunity to bid for it; we would like to know exactly what the specification is, and we would like to use our expertise to put in a bid that will offer value for money to the MOD." Staff at Llangennech are more than willing to look into ways to effect cost savings and to put together a competitive bid. The staff at Llangennech have already been directly involved in making their work more efficient. They have been piloting the use of IT, which, with proper support services provided by skilled personnel, could lead to further savings for the MOD. This is going out to the private sector. It is not therefore contributing to the consolidation of services at Bicester or Donnington, which was one reason given for the move to close Llangennech.

On the print unit, past experience does not suggest that a private company would be any cheaper than an in-house bid from Llangennech. For example, I understand that Astron charged £800,000 for an initial distribution—an initial distribution without the differentiated follow-up of items, equalling less than 1 per cent. of the total inventory. It may be that, in an initial contract with a private provider, the MOD does not want the full capacity of the current print unit at Llangennech, which has recently enlarged to cope with the extra work from Keynsham, notably the production of defence instruction notices.

The MOD may only want a specified volume of work as a core contract, with the option to buy in extra. The print unit in Llangennech needs to know that if it is to work out a comparable business plan; it needs to know what the core volume of work is and have some indication as to the likelihood of additional work. It has a service that could be marketed commercially to make up for any shortfall in the work coming from the MOD, but it needs time to draw up a business plan and do the necessary marketing, if it is to retain its current capacity through bringing in work from sources other than a potential MOD contract. Currently staffing levels at the print unit have been inflated by the appointment last August of five extra temporary staff to cover the work brought over from Keynsham. Just calculating the current cost of the print unit with the price that a private company produces to a specification is not comparing like with like.

To ensure that the MOD, and ultimately the taxpayer, is getting the best value for money, if the intention is to outsource the print unit work, then it would be foolish not to look at an in-house bid from Llangennech, as that bid could provide the best value for money. Otherwise, the MOD would be missing a bargain, and the taxpayer would be paying the price.

Nine staff work in civilian records. It appears that DSDA intends to put that work out to contract to TNT, despite the fact that it was out of the scope of the FDSCI. There is a precedent in outsourcing here, as TNT has had a contract for outsourcing military records. Staff at Llangennech need to know if civilian records are being outsourced, and they need to know what the specification is—whether the same level of service is required as the current levels provide, or whether the MOD is looking for a slimmed down service with less access to records. What is unacceptable to staff at Llangennech, and should be unacceptable to the taxpayer, is to find that the work has just been given to a private company with no transparency about what that company bid for, and no opportunity for any other company or the staff themselves to bid.

As we understand it, the classified section would not be a candidate for privatisation, for reasons of national security. I would be grateful if the Minister could confirm that.

The timbers and metals section takes up a large proportion of the ground space at Llangennech; it is what many people think of when they think of Llangennech. However, the actual number of employees in the section—16—is a small proportion of the total work force. There seem to be some very confused messages about what exactly is happening to this section. There seems to be a lot of coming and going. It has just been announced that all air metals from Stafford are to be moved to Llangennech. However, if Llangennech is to close, how long will they be staying there? Is that the best use of taxpayers' money? Propellers left Llangennech the other day and went to Bicester, but when they arrived at Bicester there was no room so they had to go to Donnington.

There is a unique lifting capacity at Llangennech: what might be called a very large crane. I understand that the plan is to move it to a shed at Bicester. It will fit into the shed, but only as long as it does not try to lift anything. Quite how useful that will be, I do not know. The former chief executive of DSDA had high hopes for

the 20-ton crane at ABRO, Donnington. However, it was announced today that ABRO is to continue for another four years, so it will need to keep its crane for its work. That means that the only heavy-lift facility defence storage has left is at Llangennech, where there is a 40-ton crane and a 20-ton crane. Staff would like to be reassured that a thorough assessment has been made of the capacity at the various sites and that there is a clear, comprehensive plan for all the storage needed. We do not want to see propellers whizzing around the country only to find, like some surreal but expensive game of musical chairs, that there is no space left for a propeller at the end.

I understand that consideration has been given to opening up the mothballed site B at Bicester. Opening up a site that has not been used for some time will obviously be costly with regard to health and safety, in ensuring that all appliances are working properly and in terms of maintenance, such as minor repairs. The issue is whether that provides the best value for money when we have a working site in Llangennech.

I would like to thank the Minister for his assurances about support for staff and their families in the event of closure at Llangennech. There may be some staff whose age and personal circumstances mean that they would be very interested in finishing and taking severance pay. However, for many the severance pay, although it might initially look tempting, would be no substitute for a regular income. What would be really galling would be to see the Ministry of Defence paying large sums of money to the private sector for the work currently done at Llangennech, when the staff know that they could have provided the same service or a better service more cheaply.

The staff would have a strong vested interest in ensuring that the work is done superbly well in order to keep the contracts for the future because they would have written the bids themselves, and because their private companies would have been formed specifically to do MOD work. A private company for which an MOD contract was just one small section of its operation might have much less motivation in ensuring that the job was done well. It might end up subcontracting the work with little quality control, with possible embarrassing consequences for the MOD.

If the MOD decides to reduce the Llangennech site to a trailer drop point and get rid of the land, serious consideration should be given to what price the land would fetch. Would it not be better for the MOD to sell off land in parts of southern England where it would fetch a much better price and help to alleviate the shortage of brownfield sites available for much-needed housing? Perhaps the MOD would prefer to rent out the space at Llangennech, but the income generated would be limited. There is already a large amount of warehousing space only a few hundred yards away from Llangennech that has been lying empty for ages. If the MOD is to provide the taxpayer with value for money, it makes better sense to rent out facilities for income generation in southern England where the returns are much greater.

In an ideal world, we would not need to go through the upheaval of change and there are many who would prefer not to be talking about privatising our defence supply chain. However, given that change is necessary and that the chosen way forward involves outsourcing, to ensure that we get value for money for the MOD and the taxpayer, the existing work force should be given every opportunity to compete on a level playing field for the work. That is the only way that we can ensure fair play for all concerned: the work force, the MOD and the taxpayer.

4.14 pm

Mr. Martin Caton (Gower) (Lab): I congratulate my hon. Friend the Member for Llanelli (Nia Griffith) on securing this important debate and I thank her for giving up a couple of minutes to allow me to support the powerful case she made.

A number of my constituents are also employed at MOD Llangennech. When Llangennech representatives invited me to visit the site, I walked round it and met the people on the ground, and I was enormously impressed by the dedication of staff and what they told me. The people there said exactly what my hon. Friend said in the last few minutes: the proposal to transfer the various sections of work out of Llangennech is wrong, because we will end up with work being done less efficiently, less effectively and probably at far greater cost.

The people at Llangennech and the units of the armed forces that they serve—their customers, if you like—have not been involved in or even properly consulted about the proposal. That is just plain wrong. We should remember that Llangennech has an excellent performance record throughout its sections. It has led the way in employment of information technology, as my hon. Friend the Member for Llanelli mentioned. It has a wealth of staff expertise that the MOD really should not be prepared to lose. It has always been extremely economical to run and in 2003 it was the only site to meet its financial targets for three consecutive years. My hon. Friend is right: there is a compelling case in economic and organisational terms to allow the staff to bid for the work that they already do so well. There is also a case on the basis of natural justice.

4.15 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): I congratulate my hon. Friend the Member for Llanelli (Nia Griffith) on securing the debate. I know that she and my hon. Friend the Member for Gower (Mr. Caton) have championed the interests of the work force of Llangennech quite vigorously and this is a further expression of their support for and solidarity with the work force there.

It may be helpful if I start by setting out the background to the decision to close the defence storage and distribution centre at Llangennech. It is critical that our armed forces receive the support they need to do the jobs we ask of them. Our servicemen are among the best equipped and supported in the world and the measures and programmes that the Government have put in place will ensure that they remain so in the future. One such measure is the future defence supply chain initiative, which was launched in 2002 with the aim of assessing a range of options for managing and operating the defence supply chain to reduce costs of ownership, while maintaining or improving service levels and enhancing operational capability.

Alternative models of in-house provision were compared with a potential partnered solution for which proposals were sought from industry. In July 2005, the

[Mr. Don Touhig]

Secretary of State for Defence announced that one of the in-house options, known as "do different", had been selected. That option was chosen as it offered the best balance between delivering improved logistic support to operations and achieving better value for money for taxpayers. The solution, together with the improvements that are being introduced across the supply chain, including monitoring and tracking the movements of military supplies, will result in the United Kingdom having a world-class military supply chain, dedicated to ensuring that the support provided to soldiers, sailors and aircrew operating on the front line is second to none, which must be our prime objective.

Examples of improvements include: the ability to increase outputs rapidly in support of operations; providing a single, accountable point of contact for MOD storage and distribution customers; and delivering changes to process that will increase confidence at the front line that requirements will be met on time and in full. Overall, implementation of the initiative is expected to make savings of over £50 million per year by 2010 and more than £441 million over the next 10 years. As my hon. Friends will recognise, those are precious resources that we need to free up for use elsewhere.

Under the "do different" proposal, three storage and distribution centres are expected to close: Stafford by 2007, Llangennech by mid-2008 and Longtown by mid-2009. There will be further streamlining at other establishments. In addition, the defence regional distribution centres, including the one at Llangennech, will convert to trailer drop points by 2009–10. That means that when goods arrive at the distribution centres, they will no longer be unloaded and placed in a warehouse. Instead the trailer body will be removed and swapped to another trailer before being transported to its final destination, which will minimise double handling in the majority of cases, improve transit times and result in a more effective use of MOD's estate and vehicles.

The closure at Llangennech alone will bring savings of more than £5 million per annum, and closure will affect all of the activities carried out at Llangennech. I can confirm that a project team has been assembled to look into the print, storage and distribution of forms, civilian personnel records, metal stockholding and wood, bar and tube cutting activities. The project team will look at outsourcing the functions, or moving the business to an alternative DSDA site or another MOD department. It is not true, as I believe has been rumoured, that decisions have already been taken to outsource those services. The review process is at a comparatively early stage. Indeed, detailed planning and reporting dates have yet to be agreed. I can assure my hon. Friends that the trade unions are being given every opportunity to participate in that work. My hon. Friend the Member for Llanelli has made a number of proposals for involving the trade unions in more detail, and possibly involving them in the future operation of the site. Those proposals, if put to us, will be considered. We are considering all issues.

The value for money issue is crucial to us, and there will be full consultation with the trade unions. My right hon. Friend the Minister of State for the Armed Forces will keep all interested parties informed. Should my hon. Friend the Member for Llanelli seek a meeting to develop any of her arguments with him directly, I have no doubt that having read the *Hansard* record of today's proceedings, he would agree to meet her.

Turning back to the implications of the future defence supply chain initiative, I fully understand the consequences of those changes for the future employment of MOD staff. The decision to move to the implementation of that important initiative is in no way a reflection of the contribution that the work force in the supply chain have made. I know that there is some uncertainty among them, but I also acknowledge the loyal and dedicated service our people have given to the Ministry of Defence over the years.

In overall terms, the new supply chain organisation will require around 2,000 fewer posts, the majority of which are occupied by civilians. We estimate that about half those reductions will be achieved through natural wastage and the majority of the remainder will come through voluntary early release. Some compulsory redundancies will be necessary, but the intention is to keep them to a minimum.

There may be some opportunities for staff to transfer to other MOD sites or other Departments. A staff preference exercise will be undertaken and the MOD will liaise with Jobcentre Plus in the lead up to the closure. Team Wales has done fantastic work in circumstances like those that we face at Llangennech. The trades unions were kept fully informed and consulted throughout the planning phase of the future defence supply chain initiative, and they continue to be involved during its implementation. We would want that.

Looking more specifically at Llangennech, as the rundown progresses there will be a gradual transfer of inventory and stock within existing sites, with a corresponding gradual reduction in staff numbers. It is anticipated that natural wastage will account for some reductions, and there may be opportunities for relocation to other MOD sites. However, some redundancies will be unavoidable. At present the number is estimated to be 120 from both the defence storage and distribution centre and the defence regional distribution centre.

The MOD outplacement service will be available to support staff and spouses affected by the reductions at the site, offering support with relocation, financial advice and preparation for alternative employment. Training will be available to assist staff with transition to life in the private sector, and the services of the MOD welfare organisation will be available also to help staff with their personal circumstances. Redundancy payments and pension entitlements will be in accordance with the civil service compensation scheme and the principal civil service pension schemes.

It has been decided that the transformation can be achieved by the DSDA remaining an Executive agency, but with a revised framework document. That document will give the appropriate freedoms and delegations to the agency's management team, allowing it to complete the transformation plan. In the third year, "do different" will be reviewed, as the plan is to have completed the bulk of the transformation by that point.

Changes will include reinforcing the senior management team. In addition the DSDA work force will receive significant amounts of training with the subsequent multi-skilling, providing greater flexibility and effectiveness. With improvements in processing, such as selecting for destination from the warehouse, much less double handling and, hence, fewer process costs will be incurred.

I want to pay tribute to the contribution that the staff at Llangennech have made and continue to make to the work of their agency and to defence. These are very difficult, trying and uncertain times for them, and I fully recognise the very powerful case argued by my hon. Friends the Members for Llanelli and for Gower in defence of the work force. My hon. Friends are doing what is perfectly proper, and they championed their constituents in an exemplary way. However, I must emphasise once more that the changes taking place at Llangennech are in no way a commentary on the expertise or effectiveness of the staff. They have been fantastic. I should like to underline the fact that we are doing all we can to support them at this time when their future is uncertain.

It is always a difficult decision to implement staff reductions and site closures. But we must do what is right for defence as a whole, and we remain convinced that the implementation of future defence supply chain initiatives, and the benefits that they will bring, are firmly in the national interest. Having said that, I shall certainly read the *Hansard* record of today's proceedings and take into account the comments of my hon. Friends. I have no doubt that if they were to seek a meeting with our right hon. Friend the Minister of State for the Armed Forces, he would meet them to explore the issues that they have raised and, perhaps, give them further reassurance that, as we take the agenda forward, we are trying to involve everybody—the trade unions in particular—in discussions.

It is not an easy time for us, and it is certainly not an easy time for the people involved. I fully appreciate that. However, I want my hon. Friends to know that we shall do everything possible to make this difficult decision effective in the interests of defence, while being sensitive to its consequences for the people whom my hon. Friends have represented so well this afternoon.

Child Support Agency (Holly Mackintosh)

4.26 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): It is a pleasure to return to the Chamber so soon after the last occasion on which the Minister and I were here. I hope that this debate will allow me to speak a little more slowly, because I have more time this time.

I am grateful for being granted this debate about the important issue of my constituent Holly Mackintosh. It is an opportunity to raise an unfair situation that affects a constituent through the operation of the Child Support Agency enforcement process. Although I have been an MP for less than a year, I have had the opportunity to discuss this case with colleagues and it seems to be unique. It is causing distress to my constituent, with whom I have had several discussions about it, and it is also damaging the welfare of her eight-year-old daughter. It raises issues about natural justice, to which I shall return.

It may be helpful if I set out the circumstances of the case. Holly Mackintosh is of good character. She is a very hard-working mother, struggling to make ends meet to support her family. She has a daughter—Joanna, who is now eight years old—with her former partner, Mr. Neil Hampson. They purchased a house in Harbour street in Nairn in October 1995. In 2002, they separated and Mr. Hampson stopped residing at the Harbour street residence. Up to then, Mrs. Mackintosh had paid all mortgage repayments and the deposit on the house. She has the documents to confirm that, and she has been in correspondence with the CSA about that matter.

In April 2003, an inhibition order was registered on the house by the CSA, as Mr. Hampson was in arrears to the CSA for £25,890 of maintenance payments. They were owed to his ex-wife, Mrs. Macpherson, for the two sons that he had from that relationship.

In 2004, the title of the property was transferred solely to Mrs. Mackintosh. That should have been done earlier, since it merely formalised the position that had obtained since their separation in 2002. It was only after the process was complete that she learned that an inhibition order was in place. At the time of separation, several issues were at play which caused the delay, not least the shortage of cash for paying lawyers' bills and so on. Indeed, as part of the agreement to transfer the property to her name, she also took sole responsibility for the £247 of monthly repayments on a joint loan that she and Mr. Hampson had taken to help repay debts that he owed to the Inland Revenue. That was done, as it were, in lieu of buying out his share of the property; although given that she had paid both the deposit and the mortgage repayments throughout the time that they owned the property, any interest that he had in it was not financial, but purely on paper.

Miss Mackintosh has now been served with a disposition order seeking to maintain the CSA's claim on part of the value of the property to recover Mr. Hampson's maintenance arrears. His arrears now stand at £55,093, according to a phone call that my office made to the CSA MP hotline today. The inhibition order seeks to recover the £25,890, plus legal costs.

[Danny Alexander]

The case gets more complicated. In January 2005, Miss Mackintosh submitted a claim to the CSA to recover maintenance payments from Mr. Hampson—the same man—for their daughter. The Government try to encourage private agreements between partners before going to the CSA, but a private agreement that he made with Miss Mackintosh at the time of their separation in 2002 to pay £20 a week had not been honoured. As I discovered from a call to the CSA MP hotline today, Miss Mackintosh's claim has still not even been assessed, more than a year after it was first made. She delayed the claim, perhaps quite understandably given what has happened since, because she simply had no faith in the CSA process. Any MP will know that that perception is by no means unique among our constituents.

To complicate matters further, Mr. Hampson recently left the United Kingdom and moved to New Zealand. Notice of the disposition order has not been served on Mr. Hampson, because he is resident overseas—for the moment, at least. That adds a further complication to the CSA's quite legitimate work to recover maintenance from Mr. Hampson.

The situation has had a quite devastating impact on my constituent, Holly Mackintosh. As she wrote in a letter to the chairman of the CSA shortly before she contacted me:

"I have a very hectic life and the situation you have put me in is causing serious distress. I am employed by British Airways as cabin crew. I have two daughters aged 16 and 7 years. I am a single parent and have always provided for my children and honoured my bills. I thought the CSA were in place to protect women like myself, but now I find my home in jeopardy, everything I've worked for being in vain and yet again being responsible for my ex partner's debt."

The situation impacts not only on Miss Mackintosh, but on her daughters—her elder daughter, whom she will be supporting as a student, and her eight-year-old daughter from her previous relationship with Mr. Hampson. When the CSA's enforcement action lets the absent parent off scot-free after he has left the country and damages the welfare of a child for whom the CSA has failed to collect maintenance, something has gone very wrong indeed.

I undertook correspondence with the CSA following a parliamentary question that I tabled on its use of inhibition orders. The deputy chief executive of the CSA wrote to me on 22 July 2005:

"As a bill of inhibition is registered against an individual, we are unable to provide any figures as to whether the individual's property is owned partially, or wholly, by another party. However, it follows that a bill of inhibition registered against a non-resident parent whose home is wholly owned by another party would be ineffective."

In a subsequent letter he clarified that his comment would not apply to Miss Mackintosh's case, as the inhibition order was in place before she took full possession of the property. I have explained the circumstances under which that took place. In all justice, she should be considered the complete owner of the property throughout.

However, given that Miss Mackintosh separated from Mr. Hampson in 2002, a year before the inhibition order was registered, it was only an accident of timing that has left her in her current position. It is understandable, given the circumstances of the breakdown of the relationship, that other matters would have been a priority.

It is not for me simply to come here and set out the facts of the case; I am interested in the Minister's view on it. There are several matters that he might consider in relation to it. I appreciate that my constituent will have the Minister's sympathy, but one or two things could be done in addition to giving sympathy.

Section 42 of the Child Support Act 1991 makes allowances for special cases to be addressed. Subsection (1) states:

"The Secretary of State may by regulations provide that in prescribed circumstances a case is to be treated as a special case for the purposes of this Act."

Subsection (2) states:

"Those regulations may, for example, provide for the following to be special cases".

Subsection (2)(d) gives one such special case:

"a person is an absent parent in relation to more than one child and the other parent of . . . those children is not the same person".

This case is so unusual that I urge the Minister to consider using that power in relation to this case. It would be unfair of me to expect him to respond to that now. I do not expect him to promise to use it, as I understand that the matter requires some investigation and consideration, but I ask for his assurance that he will consider the case closely and thoroughly investigate the possibility of using that power. Assuming that he is willing to do that—I look forward to his response—I would be grateful if he kept me informed. He may certainly call on me to provide whatever assistance he requires to ensure that he has all the necessary information regarding the situation faced by Holly Mackintosh.

The Minister might be able to help in another way. I hope that he will clarify this point. The Secretary of State is named as the pursuer of the inhibition order. Is the Secretary of State required by the Act to take that form of enforcement action or does he have discretion to use that power? If the latter is the case, I request that he should proceed by other means and remove the inhibition order on Holly Mackintosh's home.

Now that there is a review going on of the CSA and the broader question of its reform—the Minister and I have debated that issue in previous circumstances, and I do not intend to go into that debate now—the Secretary of State has suggested that a substantial amount of the debt owed to the CSA will inevitably have to be written off. I understand the reasons for that, given the broader debate on reform of the CSA, but if that is to be the case, the most unfair debt and unjust consequences, such as those faced by Holly Mackintosh, should be amongst the first to be addressed.

Having said that, I want to make it clear that it is neither my intention nor that of Holly Mackintosh that Mr. Hampson should escape his maintenance liabilities or his responsibilities. Indeed, the main purpose of the whole debate on the CSA and its reform is to make it more effective in dealing with absent parents and making them live up to their responsibilities and pay out for their children. My purpose is to ensure fairness for Holly Mackintosh and, most importantly, her daughter.

If the inhibition order can be removed, Holly Mackintosh and I—and, I am sure, the Minister—would like Mr. Hampson to be vigorously pursued to pay his debts and discharge his responsibilities. That option might be harder for the CSA, but expecting the mother of a child to pay the debts of the absent father seems to me exactly the opposite of what the Child Support Agency was set up to do. It goes against justice in this case, against the spirit of the legislation and, indeed, against the spirit of what Parliament would wish to do to see the reformed CSA, or whatever may follow it, continue in its work. I would be grateful for the Minister's response and, I hope, persistence in seeking a fairer outcome for Holly Mackintosh.

4.40 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): Mr. Weir, it is a pleasure to appear before you a second time this afternoon and to continue to debate with the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander). I congratulate him on securing this debate on a subject of obvious importance to his constituent, who is fortunate to have such an assiduous local Member who will pursue her case to such a degree and bring it to the attention of Ministers in the House of Commons.

The agency has fully briefed me on the particular case, which is indeed very complex, as the hon. Gentleman has rightly set out this afternoon. I am more than happy to discuss it with him, but I am sure that he will appreciate that I am subject to some constraints on how far I can go. I also welcome the opportunity to debate child support issues more broadly, and to draw on the problems that Holly's case illustrates and to discuss, in the context of that, how we plan to take further steps towards improving the agency's operation.

As the case illustrates, the CSA often finds itself trying to deal with the complex and changeable personal circumstances of its clients—both parents with care and non-resident parents. In some cases, such as this one, we have to strike a balance between the competing needs of children from two or more families, which can be quite difficult. Ms Mackintosh is rightly concerned about making sure that her ex-partner meets his financial responsibility to her family. I appreciate that the hon. Gentleman emphasised that point. She is also caught up in the consequences of her ex-partner not meeting his responsibilities to his children from a previous relationship.

Ms Mackintosh's ex-partner had children from a previous relationship but failed to pay the maintenance for those children that had been assessed by the CSA. The agency attempted to recover the money owed and eventually, as part of the enforcement action, a bill of inhibition was gained against any property that her ex-partner owned, including the property he jointly owned with Ms Mackintosh. A bill of inhibition stops the future sale or transfer of any heritable property. Heritable property includes houses, garages, business premises and land. The non-resident parent cannot sell or transfer the heritable property until they pay the debt.

Such a method of collecting debt is not exclusive to the agency. Many other financial institutions use the method to ensure that people meet their obligations. The measure is clearly not the first that anyone would use to recover outstanding debts but it is an important tool in getting people finally to face up to what they owe.

As the hon. Gentleman anticipated, I do have sympathy with Ms Mackintosh as the bill of inhibition on the property where she lives does not relate to anything she has done wrong. I believe that Ms Mackintosh contacted the agency through her solicitors both before and after the transfer of the property into her sole name to ask if the bill of inhibition could be removed. On both occasions she was informed that the bill of inhibition would still stand. Our legal advice was clear: transferring the property was against the terms of the bill of inhibition. So, even though she has my sympathy, I believe that the agency took the only realistic action. We have to balance the interests of Ms Mackintosh with those of the children of the earlier relationship.

The reason we use a bill of inhibition in Scotland, or a charging order in England and Wales, is to recover money that is owed for child support. Non-resident parents, such as Ms Mackintosh's ex-partner, should not be allowed to avoid their responsibilities to their children simply by transferring assets to someone else. If we allowed that, it would be even more difficult for the CSA to collect money owed and, consequently, even less money would be provided to support children.

The hon. Gentleman may want me to deal with the section 42 points. I am coming to those. In my view, the agency is not doing anything wrong in this case. It is using the same methods as other financial institutions in trying to recover an outstanding debt.

The hon. Gentleman referred to section 42 of the Child Support Act 1991, which allows the Secretary of State to make regulations in prescribed circumstances for special cases. That section applies to cases in which a non-resident parent has more than one child and those children live in different households, so I can understand why the hon. Gentleman was interested in it. However, section 42 is used in the ongoing assessment of child maintenance payments—that is, when there are concurrent claims for maintenance. Therefore, the section would not apply to arrears of maintenance built up by Ms Mackintosh's ex-partner before he was living with her. Section 42 would be used only to assess the ongoing maintenance entitlements of Ms Mackintosh's children and those of her ex-partner's former family.

I understand that Ms Mackintosh has a child support application of her own outstanding and that there has been delay in getting that assessment under way. I believe that the delay is due to the fact that it links with existing claims in respect of Mr. Hampson and his former wife. Added to that is the question of jurisdiction, because the non-resident parent is located in New Zealand. Furthermore, no address is held by the agency for Mr. Hampson, who has failed to provide more details despite express requests made to him before his relocation to New Zealand.

Danny Alexander: Clearly, this is a very unusual and distressing case, but I am disappointed by what the Minister said about section 42 and by his analysis—perhaps he will address this point later—of Mr. Hampson's interest in the property, given the evidence that Ms Mackintosh has provided that she

[Danny Alexander]

paid the mortgage payments throughout and that she paid the deposit on the property. There was a time difference between her separation from Mr. Hampson and the change in ownership. It seems to me that she is being made to pay an incredibly high price for what is perhaps only a relatively small oversight.

When I last spoke to Miss Mackintosh, she put it something like this. What is the point of someone such as her continuing to work and to try to bring up and support their children when the system that is supposed to protect them lets them down? Would she not be better off going on to benefits and allowing the state to support her?

Mr. Plaskitt: As I tried to say to the hon. Gentleman earlier, this is a question of striking a very difficult balance. As he acknowledged, it would be inappropriate for either him or me in any way to condone an attempt by a non-resident parent to evade, in this case, his responsibilities to support his children from a previous relationship simply because he had the device for transferring ownership of an asset. That is why the agency has taken the action that it has.

I shall give the hon. Gentleman an undertaking. I have already looked at the scope in section 42 for doing something exceptional in these circumstances to see whether we can help his constituent. The conclusion that I have reached to date is that section 42 does not offer us such a route, for the reasons that I set out. However, I do undertake to have a further look at it in the light of what he has said this afternoon and to write to him. I do not want to offer false hope, however. I am simply saying that I am more than prepared to study the potential for opportunity under section 42. I am not making any promises, but I certainly undertake to look at it.

In respect of the point that the hon. Gentleman now raises, the critical issue is the ownership of the property and not, alas, who bore responsibility for meeting any particular costs associated with that property. The critical question is ownership; that is what was transferred, and that transfer was in conflict with the bill of inhibition.

I understand that the agency is considering the permanence of the non-resident parent's absence from the United Kingdom. If he is found to be no longer habitually resident in the United Kingdom, he is outside the jurisdiction of the Child Support Agency. However, there are still arrangements in place to help Ms Mackintosh recover maintenance payments. Reciprocal enforcement of maintenance orders are international claims for family maintenance, handled by UK courts. The UK has arrangements with more than 100 countries and territories—including New Zealand, where we understand the non-resident parent lives—to allow a person living in one jurisdiction to claim maintenance from an ex-partner living in the other.

If, as in the case before us, there is no existing Scottish court order for maintenance, a solicitor can help to prepare the appropriate papers for a provisional order. Those papers are then forwarded through the courts group to the appropriate foreign country to begin the recovery of maintenance. If Ms Mackintosh has not already taken up that option and wishes to find out more, she should contact her local sheriff clerk's office or courts group. Details of that process are also available on the Scottish Executive's website. There is a broadly similar process for England and Wales, which is managed by the Department for Constitutional Affairs.

Enforcing maintenance has always been a crucial issue in child support. Although it is true that the real problem is parents not facing up to their responsibilities, I would not attempt to claim that the agency has always been the most effective organisation in securing debt. The question is what should be done to improve the situation. As I said yesterday in a similar Westminster Hall debate, last year we asked the new chief executive of the agency, Stephen Geraghty, to conduct a root-and-branch review of the agency's operations. From his findings, we concluded that the current system was incapable of delivering the outcomes that we all desire from the Child Support Agency. The problems are not just with how the agency operates but with the policy and legislative framework that is supposed to support it. Therefore, we have also asked Sir David Henshaw to consider a complete redesign of the whole child support system. The terms of reference for his redesign have been drawn as widely as possible to allow all options for reform to be fully considered.

I know that the hon. Gentleman's party has also put forward its own proposals for a child support system, and that Sir David Henshaw has met the hon. Member for Yeovil (Mr. Laws). However, I am bound to say that I have not seen anything in the Liberal Democrats' proposals that would have made any difference to the case that the hon. Member for Inverness, Nairn, Badenoch and Strathspey raised today.

Some have said that by asking for a redesign we are just putting off taking any action, and so children are continuing to suffer from a poorly performing agency. That would only be a fair criticism if it were true, but it is not. Mr. Geraghty's review identified a number of areas where improvements could be made in the short and medium term. That formed the basis of our operational improvement plan, which sets out how the agency's performance will be improved over the next three years. The £90 million investment for the next three years will support the recruitment and deployment of more staff to processing work and, particularly, enforcement. Over the period of the plan, we will quadruple the number of staff dedicated to enforcement activity from 500 to 2,000. We aim to increase levels of compliance from 65 per cent. to 80 per cent. by March 2009.

Danny Alexander: I appreciate that the Minister wishes to move on to make more general points about Child Support Agency reform, and indeed to make some partisan remarks about the Liberal Democrat position on the subject, but that is not a debate that I particularly wish to get into today. The nub of his response to my constituent's inquiry is effectively that the transfer of ownership was a device on the part of the non-resident parent to avoid his responsibility. I think that I have made it quite clear that my understanding, from my contact with my constituent, is that it was not such a device; it was, as it were, a tidying-up exercise from a

separation that occurred much earlier. To argue that my constituent is trying to get round the rules on behalf of the non-resident parent is not right.

Mr. Plaskitt: The hon. Gentleman is entitled to interpret private decisions taken by his constituent and her former partner and will receive their interpretation of the situation. It is not for me to get involved in that. What I have to do—and what the agency has to do—is consider the facts of ownership and operate, as we must, in the interests of collecting maintenance owed to children.

In that context, the agency is bound to look at a non-resident parent's assets and what may or may not have happened to them. It will not want to accept a situation where assets are transferred, for whatever reason, when that has the effect of taking them beyond the reach of the agency and removing their value in circumstances where they could contribute towards a debt owed to children. That is and always has been the dominant factor; it is enshrined in the original legislation that brought the agency about and I am sure that that would be the principal objective of any successor organisation.

I recall, from reading the hon. Gentleman's party's document on this matter, that it too enshrines as a founding principle that the purpose is to pursue maintenance for children. It is in that context that the current law is drafted and why the agency has taken the decisions in respect of his constituents' case. Having said that, I am more than willing, once again, to look at all the existing powers that we have at our disposal, and options for discretion, to see if we can do anything differently in this case. I will write to the hon. Gentleman about that.

Returning to how we are trying to solve problems in the longer term, such as the ones that this case illustrates, we will also be considering the use of data from credit reference agencies and HM Revenue and Customs. In addition to the £90 million investment that I have already mentioned, a further £30 million will be invested in using private debt collection agencies to recover the £100 million of historic debt over the three years of the plan. Work has already begun on introducing these improvements and this will continue while Sir David is producing his redesign.

In conclusion, I believe that we all continue to support the original objectives of the Child Support Agency to make sure that parents who did not live with their children still face up to their responsibilities to support them. As we have often said, relationships may end, but responsibilities do not.

Although I understand that Miss Mackintosh finds herself in an unenviable situation, I think that the actions of the agency in this case have been correct. The ultimate aim must be to make sure that non-resident parents cannot avoid paying the money that they owe to their children.

Question put and agreed to.

Adjourned accordingly at two minutes to Five o'clock.

Westminster Hall

Thursday 23 March 2006

[MR. EDWARD O'HARA *in the Chair*]

Young People and Democracy

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Cawsey.]*

2.30 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): I am pleased to be opening today's debate. The Order Paper said that my right hon. and learned Friend the Minister of State, Department for Constitutional Affairs would be opening the debate, but obviously it has not caught up with the—

Mr. Edward O'Hara (in the Chair): Order. It was the bench note, not the Order Paper.

Bridget Prentice: I am sorry, Mr. O'Hara. The bench note said that my right hon. and learned Friend would open the debate. Obviously, we have not yet managed to spread far and wide the fact that we have changed portfolios in the Department. She now deals with justice issues, such as legal aid and family issues, while I deal with democracy issues, including electoral reform and the House of Lords.

The debate deals with the participation of young people in democracy—an issue that is incredibly important, as well as pertinent, for us all. Young people are an influential group in society because they are the future of our country and our democracy. It is therefore vital that we capture their ideas, energy and enthusiasm in respect of democratic issues. That means involving them as early as possible in discussions about what politics and democracy mean to them.

This week, the Government and other political parties have come under criticism over party funding. We are now legislating to make it compulsory for all political parties to disclose all the loans that they receive. We acknowledge that what is needed is a more transparent process, which is more in the spirit of fair democracy. A healthy representative democracy is the key to a healthy Government.

People of all ages and backgrounds should have the opportunity to debate issues that matter to them. Young people often have different views from other groups in society. It is therefore important to find a forum in which they can voice their views and those in power can listen to them. If we do not listen and respond appropriately now, there is a risk that young people will not connect with democracy now or in future.

The Electoral Commission's third audit of political engagement showed that young people have significantly lower levels of political knowledge than the rest of the population and a lower propensity to vote. The Department will be considering the report and its findings and will continue to explore the best ways to address those issues.

What, then, do we mean by the participation of young people in democracy? We can measure participation by looking at how many young people turn out to vote in elections, and the figures are pretty stark. In the 2005 general election, only 37 per cent. of 18 to 24-year-olds voted, and the figure was only marginally better in 2001, at 39 per cent. That compares quite dramatically with 1997, when 68 per cent. of 18 to 24-year-olds voted.

We need to address the startling decline in engagement and seek ways of re-engaging young people in the political process. We need to find the reasons for that decline. There are big and growing inequalities in our democracy. Evidence suggests that the young, the poor and black and other ethnic minority groups are far less likely than older, wealthier, white people to be on the electoral register, so are unable to vote. Those who fall into more than one of those categories are obviously particularly likely to be excluded from our democratic process. That is a serious problem, which must be addressed because it could undermine the legitimacy of our democracy and pose a threat to social cohesion and social inclusion.

In it's report "Understanding electoral registration", the Electoral Commission has estimated that 16 per cent. of 18 to 24-year-olds are not on the electoral register, compared with just 2 per cent. of over-55s. It also found that 37 per cent. of black Africans are not registered to vote, compared with just 6 per cent. of white Britons. The evidence indicates that young people are disengaged and/or apathetic, but that is not a fair reflection. Young people are not disengaged and/or apathetic, and my experience as a constituency MP shows that when an issue matters to them, those who have the opportunity to make a difference get involved and want their voices heard.

In my own borough, the local authority has been doing fantastic, innovative work with young people to engage them in the democratic process. Ours is the only borough that is doing that, and once I have told hon. Members about some of the things that are going on, I hope that they will take them back to their areas and persuade their local authorities to do something similar.

Last October, for example, Lewisham saw the election of its second young mayor. The election is a way for young people in the borough to have a real say in its future and to make a real difference. Unfortunately, the young mayor could not be in Parliament today, because he also has to attend school from time to time. We had 33 candidates at the election, which is a healthy indication of our young people's democratic engagement and their healthy appetite for involvement. Polling stations were set up in every school in the borough to allow students to elect their second young mayor. Throughout the day, 11 to 17-year-olds were offered registration forms to complete and return. Wilf Petherbridge from Forest Hill school won the election and was declared the young mayor after a hard-fought campaign. He will be in office for a year and has been given a budget of £25,000 to spend on issues that really matter to young people in Lewisham. Last year, in addition to the money given by the local authority, the borough's first young major raised an equivalent amount to set up a music studio for young people in the borough.

It will perhaps be of even more interest to hon. Members to know that the turnout for the young mayor election in October was 46.9 per cent., which was

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21.4 per cent. higher than the turnout for the election of the borough's mayor. The enthusiasm of the candidates, students, parents, teachers and the general public was overwhelming. Clearly when it matters to them, young people can be engaged and will turn out to vote, and there may be a lesson there for us all.

In Lewisham and other areas of England and Wales we also have the young citizens panel, which is an extension of the citizens panel. A group of about 300 young people can be called on to work with the council, the young mayor, health services, the police and others to help address issues that affect young people. Recent issues that have affected young people in Lewisham include teenage pregnancy and drugs. I see that the hon. Member for North Southwark and Bermondsey (Simon Hughes) is here, and he will have great sympathy on those issues. As the MP for a neighbouring constituency, he will know that young people in his area face much the same issues.

Another event, which took place in the borough this week, was "My Voice, My Vote, My Community", which was organised by the Economic and Social Research Council. It was an opportunity for questions to be taken from an audience of all ages, including young people from south London schools. It was part of the national social science week and its aim was to give people an insight into some of the country's leading research and the influence that it has, and will have, on our social, economic and political lives.

Those are some examples of what is happening in my local area. They could be reproduced in other areas throughout the country. They show that young people will happily engage in the democratic process if they are given the opportunity. I am delighted to say that as a result of some of that work, Lewisham council has been justly rewarded with a beacon award for positive youth engagement.

Black and ethnic minority communities are young communities in many ways, and we must do more to engage those under-represented groups. This morning, with politicians from all parties, I attended the launch in Parliament of Operation Black Vote, a project initiated by the Electoral Commission. I have taken part in the scheme before and I was delighted to take part today in my new ministerial role. I commend the scheme to any Member who has not been involved with it. The aim is to improve the political representation of black and minority ethnic communities in local and national politics, and we should do what we can to further that aim.

From those examples, I am not persuaded that the levels of disengagement are based on apathy. In fact, research by MORI in 2003 into attitudes of the group it calls disaffected youth suggests that the issue is more about disaffection. It concludes that young people do not make the connection between their personal dissatisfaction with a particular issue and the use of traditional political processes as a way of expressing that dissatisfaction or of seeking a solution to those problems.

Our challenge is to find ways to bridge the disconnection between young people's civic interests and activities, and the formal processes of democracy. I shall give the House a couple of examples of how we might do that. The Electoral Administration Bill is going through the House, and to help tackle under-registration, we have included key measures in the Bill. We have also made available £2.5 million to support a new power to encourage electoral participation. It is intended that that money will enable returning officers and electoral registration officers in England and Wales to undertake promotional activity, such as posters, leaflets and outreach work, to encourage registration and participation in elections locally. We are also legislating to let parents take children into the polling booth, so that children can see their parents vote and how the voting process works.

The Electoral Commission's research after the 2005 general election found that younger age groups were much less likely to turn out to vote. It also highlighted lower turnout in urban areas and among the most socially deprived. The 1824 Collective campaign in London, which has just finished, was aimed at getting more of the capital's young people registered to vote. The campaign involved collaborative work with the Greater London Assembly, the Mayor's office, the Electoral Commission, Operation Black Vote, the Commission for Racial Equality and London Electoral Administration, and it received support through association with young musicians from the city. The success of this campaign is being evaluated. It involved going to the places where people are, rather than using the traditional ways of getting the message across. It used the radio media that young people listen to and it went into the organisations in which they are involved.

My Department is also funding the Hansard Society's Heads Up website, which targets young people and hosts consultations on a variety of topics. It encourages, supports and enables young people to participate in democratic processes, such as the development of Government policy and Acts of Parliament.

The local democracy campaign, launched last month, aims to make councils more relevant and useful to young people by encouraging them to "Take Part Take Power". It will be expanded into a year-round campaign to increase young people's awareness of their power to shape their community.

Following the low election turnout at the 2001 general election, the YVote?/YNot? project was launched. Its aim was to seek young people's views on the reasons behind the increase in youth disengagement from democratic processes. It consulted 60 young people from diverse backgrounds throughout England and concluded that young people wanted politicians to address them in a language that they could understand, not surprisingly, and to be kept informed at all times. They wanted to make citizenship education a priority on the curriculum, and for schools and colleges to receive the support they needed to deliver it. They wanted politicians to talk to them directly, regularly and in their own environment—not just at election times.

I was pleased when those young people said that they wanted citizenship to be a much more important part of the curriculum. We must address whether we are giving teachers all the resources that they need to do so. I thought that the message was beginning to get across, because—possibly unlike other Members present—I am

an avid fan of "Coronation Street". If I cannot see it because I am in Parliament, I tape it so I can watch it later in the week.

If Members have not watched "Coronation Street", they might get lost at this point, but they should bear with me. A few weeks ago, David and Gail Platt were having a mother and son teenage argument. She was concerned, because she thought that he was getting involved in drugs. He was being a sulky teenager in response, but he turned to his mother and said: "You're in no position to tell me about drugs. Look at the alcohol you drink." He proceeded to tell her just how many brain cells she was losing each day by drinking copious amounts of alcohol, and the effect that different drugs—not only cannabis, but smoking—had on different people. When she looked at him in astonishment because he had all those facts at his fingertips, he said: "But I learn this in citizenship classes." The message is getting out.

Justine Greening (Putney) (Con): I am grateful to the Minister for raising the issue of "Coronation Street". Does she agree that Gail's lifestyle has also contributed to David's potential use of drugs? It has hardly been the most stable over the past few years.

Bridget Prentice: Much as I would enjoy analysing the different events in "Coronation Street", I agree with the hon. Lady: Gail's lifestyle may well have had a direct impact on David's attitude. Nevertheless, the point that I wanted to emphasise was that citizenship classes engage young people, and we need to work harder at promoting them and ensuring that they have all available resources.

That brings me neatly to the Government's citizenship education programme, encouraging pupils' understanding of citizenship through active participation in community projects and discussions about controversial issues. It is important that we do more to prepare school children for their life beyond the classroom and for the role that they will have to play as citizens of this country.

One main outcome of the YVote?/YNot? project was the encouragement of MPs to visit local schools and youth groups. Last month, my right hon. and learned Friend visited Southwark college to encourage students to register in time to vote in May's council elections. She informed them that unless more young people register to vote, Parliament risks neglecting their concerns in favour of those who do register. We would be in danger of going down the road of those who shout loudest getting what they want. Democratic engagement is crucial for everyone.

During voter registration week in October each year in my constituency, the electoral services team visits the sixth form colleges and schools throughout the borough, makes a short presentation on the importance of registering, and provides information on how politics affects young people. The students are then offered an application form to complete and their names are added to the register effective from 1 December that year. We need to encourage and promote more such initiatives to ensure that young people get involved and stay involved in our democracy.

Another example is the UK Youth Parliament, which helps young people to develop into active citizens and is a valuable route through which local and national decision makers can hear young people's voices. Participation in the YVote? mock elections run by the Hansard Society encourages greater interest and engagement in the process by young people. Pupils are encouraged to stand as candidates, form election teams and run election campaigns that mirror the real election process. Members are given the opportunity to vote and therefore experience what I like to think is the excitement of participating in an election.

Another initiative, led by the Home Office, is the cross-Government "Together We Can" action plan, which is about giving people more control over their lives and communities. One strand of that is aimed at ensuring that young people are given the opportunity to participate in and influence decision making as confident and responsible citizens in a range of policy areas.

Mr. Sadiq Khan (Tooting) (Lab): I recently discovered that the Government had allocated more than half a million pounds to Wandsworth council to spend on young people's activities. How does my hon. Friend the Minister envisage a council such as Wandsworth engaging with young people in Tooting, for example, to find out the facilities on which they would like that money to be spent?

Bridget Prentice: I am delighted that the Government have made that money available. I am not entirely sure how a council such as Wandsworth might go about using it. I suggest that it does some of the things that Labour-led Lewisham has been doing to engage young people. The one thing that will ensure disengagement is a patronising attitude and a council not engaging directly with the young people for whom the money has been made available. My hon. Friend the Member for Tooting (Mr. Khan), being involved himself in the democratic process, would be a good ambassador for the council to use to ensure that young people in Tooting get the decision-making opportunity that they deserve.

The Power inquiry has received a fair amount of publicity recently. It was set up by the Joseph Rowntree Foundation to investigate how political participation and involvement might be increased and deepened. It explored some of the causes of disillusionment and examined new approaches to political participation. The report was launched a couple of weeks ago and we very much welcome its contribution to the debate. It makes a wide range of recommendations and tries to deal with a number of cultural and structural issues. Some recommendations relate directly to young people. For example, the Power inquiry suggests that the voting and candidacy ages should be reduced to 16. The Government, in the context of our wish to boost voter registration and participation, are keeping that matter under consideration.

I should be upfront at this point and say that I was at Southwark college—the hon. Member for North Southwark and Bermondsey may have been there at the time—just before the last election. I said that I personally—I emphasise "personally"—see an argument for votes at 16. Good heavens, does that mean that I am not being controversial? I do not know. Anyway, the Government are keeping an open mind on the issue. Of course we have moved some way towards that because

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the Electoral Administration Bill going through Parliament reduces the candidacy age from 21 to 18, so we have made a start.

Mr. Khan: Before my hon. Friend finishes dealing with the report by the Power commission, may I ask her whether she was as relieved and reassured as I was when it talked about red herrings and said:

"Disengagement is NOT caused by ... the supposedly low calibre and probity of politicians"?

Bridget Prentice: We can all be delighted that the Power inquiry came to that conclusion. Sometimes when people see politicians at close quarters and some of the things that we are engaged in, they realise that we are not nearly as bad as we are sometimes painted.

We have made a start with the Electoral Administration Bill, the 1824 Collective campaign, the analysis and recommendations by the Power inquiry and the local democracy campaign, but more can and must be done. Politicians and political parties obviously have a vital role to play in our democracy. The Electoral Commission emphasised, even in the discussions about the controversy over funding of political parties, that political parties are an essential element of our democratic process. It is also important to remember that the political and democratic engagement of young people in our society is an issue for all of us to tackle on a non-partisan basis. This morning's launch of Operation Black Vote was a good example of that. We will deal with the problem properly only by working together.

I am delighted to have opened this debate and I look forward to hearing contributions from hon. Members on both sides of the Chamber. I assure them that all contributions will be received positively and the Government will do what we can to use them to help us engage young people more in future.

2.57 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): I congratulate the Minister on some of the activities in her constituency, which are quite well publicised, especially those involving the young mayor. I hope that that model can be spread throughout the country.

Whenever we talk about participation in democracy by young people, I always think it useful to examine briefly the United Nations convention on the rights of the child. We can often look at those rights in terms of the three "Ps": protection, provision and participation. We have done a lot of work on protection and provision but, in the past, we have neglected participation. Now, we are coming up with more and more projects to increase participation. It is important that we have young people's participation to ensure service delivery to our young people, who are important consumers of those services. The important area of protection also has to be addressed.

The Minister mentioned the 2003 MORI focus group report, which clearly identified that young people were not disaffected in the widest sense of the word. They had strong opinions and wanted to express them. However, there is a lack of a link between that and participating in the way that we are probably talking about primarily this afternoon.

In the previous Parliament, I was privileged to attend the launch of a Barnardo's project entitled, "Give us a chance". It involved a lot of information gathering and talking about issues of service delivery and participation by young people. One of my favourite quotes from that project illustrates the problem a little. It rather summarises what we in Parliament are here to do. A 14-year-old from Northern Ireland said:

"There have to be rules. If there were no rules then the whole place would go nuts. If there were no rules, there would be people getting murdered and everything. I know it is crap, but you have to have the law."

That is a great challenge to us to get right to the heart of the matter, get the rules right for young people and get their full engagement in determining those rules in the first place. It is the very directness of young people that we should value when trying to improve participation in our communities.

A great deal has happened through youth councils and youth forums, probably in almost every constituency, but that is still only the tip of the iceberg. A particular initiative in my local area is that when there is any consultation on a council matter, buddies work through the youth forum, and young people can communicate their views through one of those buddies. Their views are then translated so that there is full participation during any consultation undertaken by the council, which is helpful because the language we use in Parliament or in council might be a barrier to the way in which young people would like to express themselves directly. I can only emphasise that we need to go much further and continue to think outside the box about how we can fully engage young people.

Unsurprisingly, I am in favour of votes at 16 and a commitment to introduce that would be a real catalyst for change. I was heartened just now to hear the Minister say that the matter is continually under review; there was not a definitive "no", which I take to be encouraging. This is a pleasant debate to take part in because we have a number of people who share the same views. I welcome the call for cross-party co-operation.

Why is it so important to work towards votes at 16? There are many obvious examples of what else one can do at 16. For instance, why should young people not be able to vote at that age if they are expected to pay taxes? It is important to capture young people when they are young and have an interest. We have a real bedrock of citizenship education running all the way through a young person's education; it is the critical time, which is why we need to start planning for votes at 16.

I rather regret the fact that citizenship classes—we used to call them something else—have disappeared. During the Thatcher years, they were not seen as a good thing to have in the curriculum. Many years ago, there used to be a lot of political debate and discussion, but somehow it got squeezed out and it has been important for the Government to take a lead on the issue.

Mr. Khan: After the campaign, such as Make Poverty History or the anti-war campaign, is it fair to say that there is not discussion and debate among young people? Is that not a bit patronising?

Annette Brooke: I thank the hon. Gentleman for his intervention, but I do not think that I made a

patronising comment. I did not say that there was a lack of interest among young people. However, citizenship education makes a link with the formal processes, which is a foundation. The hon. Gentleman's point about the participation in Make Poverty History is relevant; it was incredibly moving to see young people right at the forefront of that.

Moving fairly quickly to the formal processes involved, although I accept the informal side of the matter and how much there is to galvanise young people already, voting early is all important. An interesting piece of research was carried out by the Social Market Foundation, which reflects something we probably all know from canvassing and voting data that we have. The research shows that there is a "birth effect" in voting, with those who turned 18 just before a general election being much more likely to vote than those who have to wait another four or five years.

I am sure that we are all aware of that because it becomes harder, the more time that has passed, to persuade someone to vote. It is interesting what a physical barrier the fear of going into a polling station or acquiring a postal vote is, even among some adults. We are looking to remove barriers, rather than suggesting that young people are not interested. They are interested because so many issues directly affect them. Capturing them early is all important.

The Minister made many important points, specifically about the generic term "young people"; there are differing rates of participation for all sorts of reasons among different groups of young people. That clearly requires detailed analysis, and appropriate measures and projects must be targeted in those areas. We all need to be conscious of that. If we are to have a truly socially cohesive society, it is important to consider this topic right across the board.

I am sure that we are aware of projects in school such as mock elections. We can see the political engagement involved, but outside of the relatively few young people who participate, there is a big gap, which it is our duty as politicians to fill locally by giving whatever support we can, but also by giving a clear lead nationally. It is a question not just of listening to young people, but of acting to show that their views are taken on board, however they are expressed. Knowing that something makes a difference is half the battle. It is our responsibility to ensure that we show respect and that people can see we are here for positive reasons.

3.7 pm

Mr. Sadiq Khan (Tooting) (Lab): I am grateful for the opportunity to speak in this important debate. I am even more pleased that I was able to be present at this morning's Operation Black Vote and Electoral Commission shadowing scheme event, which the Minister talked about in her introduction. I congratulate her on the widening of her portfolio to include electoral reform, House of Lords reform and party funding, as of the close of business yesterday. I am not sure what they will be by the close of business today. That portfolio is challenging, but I am sure that she agrees it is an exciting one at this juncture in the development of our democracy.

There clearly is a huge problem with young people's participation in democracy. When the Minister kicked off the debate, she mentioned that in the last general election only 37 per cent. of those aged between 18 and 24 bothered to vote. That is a slight decrease from 39 per cent. in 2001, and she mentioned that 68 per cent. of young people voted in 1997. That is a cause for huge concern to all of us, and it is one of the reasons why it is apt to have this important debate today..

However, work has been done on the decrease in young people's participation in mainstream policy. For example, the presentation given by the Electoral Commission touched on two reports of recent times. Its report of 2003 considered political engagement in ethnic minority communities, and in 2004 there was an update, looking at political engagement among young people. The writing has been on the wall for some time. The main point that seems to be coming from the commission's work is that we wish political parties looked a bit more like us, and that reflects issues of both gender and age.

I was pleased—the Minister touched on this at the presentation—that there was a sea change in 1997, which meant that for the first time the number of women MPs reached three digits. To a large extent, that was thanks to the all-women shortlist policy imposed by my party in the lead-up to 1997. We see the fruits of that in any Question Time in the Chamber, where women on the Government Front Bench are taking part in important decisions for our democracy.

Jo Swinson (East Dunbartonshire) (LD): Does the hon. Gentleman agree that it is also wonderful to see so many women MPs from all parties in the House and on both Front Benches? Does he also agree that although the Labour party pursued one way of increasing women's representation, there are other ways of doing that, such as the participatory methods that he outlined and which Operation Black Vote launched today? I brought my shadow with me to observe the debate and I am sure that she will find it interesting.

Mr. Khan: I welcome that intervention by the youngest Member of Parliament. The hon. Lady is right. OBV and the Electoral Commission want to encourage, in a mature and non-patronising way, young people and those from disadvantaged backgrounds to take part in democracy. That is what the programme is about.

Post 2005, we saw the highest number of ethnic minority parliamentarians in the House—13 on the Labour Benches and two on the Conservative Benches—and we all welcome that. It is slightly unfortunate that the Liberal Democrats lost their one ethnic minority MP, but progress is being made, albeit slowly.

A question that is worth asking is one that I posed in an intervention in a slightly more discourteous way than I intended: are young people really as apathetic as they are alleged to be? The answer is clearly no. There is no evidence of that, but there is clear evidence from statistics that they fail to engage in the party political system by voting in general elections. The Power commission report is interesting, but I am reluctant to quote from it because it is against politicians cherry-picking parts of its report. It said that cherry-picking is

"a folly repeated time and time again by our political masters"

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and will not work. However, I will quote from it because I quite like some parts of it, but not other parts, which is life.

Simon Hughes (North Southwark and Bermondsey) (LD): The hon. Gentleman may not want to do so now, but I hope he will later reveal which progressive ideas that he as a progressive Member of Parliament has not yet signed up to. I would be very surprised if there was anything in the report that he opposes in his heart of hearts.

Mr. Khan: I agree with the report's point that it is a red herring to say that politicians are of low calibre and lack probity. As a progressive politician, I passionately agree with that. However, I disagree with its comment that an overtly negative news media is not to blame for some of the disillusionment of young people and people generally. The media have a large role to play and I sometimes wonder whether their sole motive is to portray all politicians as being sinister rather than as people who seek to serve the public by going into politics because they believe in a certain ethos, value and vision of society.

Michael Jabez Foster (Hastings and Rye) (Lab): Is it not politicians who bring down other politicians in people's eyes? The press report only what we say about each other. Is that not the big issue?

Mr. Khan: I wish that that was the case. I feel like a greybeard after nine months in Parliament, but the suggestion that the media simply report what we do is, frankly, disingenuous and not the case, although it pains me to say so.

The Power commission accepted that the British public are not apathetic and referred to clear evidence of involvement in pressure politics. For example, the number of people signing petitions, supporting consumer boycotts and joining campaign groups has grown significantly in recent years. I mentioned the Make Poverty History campaign because the report gave an example of the mass public, the Chancellor of the Exchequer and the Prime Minister coming together on an issue that is dear to the hearts of many people.

Since I was 15, I have been knocking on doors for the party that I have been a member of since then and never before has making poverty history been the sort of issue that it was during the last general election. That is a testament to the public and young people in particular getting involved in politics, but not necessarily party politics. The fact that the Conservative party now talks about Africa in terms other than how much money we can make out of it is a testament to young people changing the way in which we discuss politics, poverty and development.

The Power commission also referred to the reasons for the decline in formal politics and the fact that it began in earnest after the 1997 general election. The report is worthy of reading because it made an international comparison and the reality is that it is a problem for most of the western developed world. It is not unique to this country. We can learn lessons and teach other western countries about participation of young people in politics and try to use that as a way of levering them into party politics and democracy.

The Power commission discussed voting at 16 and received publicity on that. There were murmurings from my hon. Friend the Member for Doncaster, North (Edward Miliband) when the Minister referred to her personal view that voting at 16 may not be a bad thing. My concern about that is that there is a danger that it may be a gimmick to get out of the bigger problem that many people over 18 do not vote. The debate is about engaging young people in democracy, but there is a crisis with those over 18 who do not take part in mainstream politics.

One reason for that is that politics is not accessible to the general public. Our language—I cannot say Ed Miliband and must say my hon. Friend the Member for Doncaster, North—is one reason why the public do not understand what we are talking about. The fact that we must refer to people in the third person is a source of concern. Most people in my constituency of Tooting, which is less than five miles away, have not been to the Palace of Westminster and do not realise how accessible it is. That is also a source of concern.

I shall give an example of the problem. Recently, I was approached by an organisation that wanted to organise a promotion by a young music band for young people taking part in democracy. I rang the Serjeant at Arms to find out whether the band could use a room to promote the CD and was told that music is not allowed on the Estate, which meant that the event could not be held in the Palace of Westminster. I then thought of the wheeze of holding it in College gardens across the road, where there would be a backdrop of Parliament. I rang the Director of the Estate and was told, after to-ing and fro-ing, that it could happen if there were fewer than 12 people, if props were not used on the grass and so on, and that there would be a charge of £250 per hour for the promo to get people to vote. I was then told to contact Victoria park gardens.

The matter went on and on and eventually the organisation that wanted to hold the event to persuade people to vote at elections decided to pull the plug and not to hold it. It is a sad story. I tease the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Tottenham (Mr. Lammy), whenever I see him by saying that one reason why I became involved in politics was that he managed to get Alicia Keys to Parliament to perform. I suspect that that is why there is now a ban on music. I thought that if I could meet lots of pop stars by being an MP, I should become one. The point is that Alicia Keys and musicians are able to access an audience that we cannot. I am not suggesting that all of us or any of us should go on "Big Brother" or "The Games", although one hon. Member is involved in "The Games" and I wish her luck in her competition, but that may not be the best way of making politics more accessible. There are problems with the place where democracy is seen to take place, because it is not accessible to a significant number of our constituents.

Simon Hughes: We can debate which programmes advance the cause of politicians. I have not seen any previous episodes of "The Games" but, having watched it last night and seen my hon. Friend the Member for

Falmouth and Camborne (Julia Goldsworthy) take part in the curling competition and ending up in second place overall, I thought the good news was that it regularly reported her as having taken part in the Budget debate. It linked her day job and that activity in a positive and useful way.

Mr. Khan: I agree. The programme also mentioned the special helicopter laid on to take her from London to Sheffield and back, but I will not go into that.

Before we leave the point about politics not engaging young people—the Heineken dilemma—it is worth mentioning that we need to find a way of reaching those parts of our community that we have hitherto not been able to reach, including the hip-hop generation, people in our mosques, those who follow football and sports teams, and so on.

My hon. Friend the Minister talked about the citizenship curriculum and how we could use that as a way of getting people involved, and engaging and teaching them about politics and the community. For me, the reason it is so important to do that was compounded by what happened on 7 July 2005. Not only did those four people kill themselves and 52 Londoners, and injure 700 people, but they were born and raised in this country. They went to our schools and, to all intents and purposes, were integrated, but they thought that the only recourse that they had was to commit an act of terror against their fellow citizens.

When I was involved in the task force, going around the country speaking to people, I discovered how disengaged they felt from the process. They thought that their Government and politicians were not engaging with them on simple issues to do with foreign policy, why we do certain things, why certain things happen and their knowledge of the political process. That is an example of the extreme end of the spectrum of what can happen when politics is completely disengaged from the lives of ordinary people.

I conclude with two points, the first of which is the routes to becoming a politician, MP or councillor. As things are structured—they have been like this for a while—politics is a profession that someone can get into only if they are a person of means. When people have applied to me to become an intern, I have been surprised that unless they are the son or daughter of a middle-class parent or have other means, it is impossible for them to do the work of shadowing a parliamentarian and learning about the trade, although that is perhaps not surprising when one considers that interns work for free.

The hon. Member for East Dunbartonshire (Jo Swinson) referred to the OBV scheme. One of the beauties of that scheme and the Electoral Commission scheme is that they involve people of low means who would otherwise not have a chance to shadow MPs. Standing as a parliamentary candidate for a political party is an arduous process, requiring people to give up their jobs for 12 to 14 weeks. The challenge is this: how many working-class politicians will be standing for political parties in winnable seats in four or five years' time? I am concerned that the number will fall.

Secondly, my hon. Friend the Minister talked about those who shout the loudest having their voices heard. That is a concern, but the real travesty—all three parties deserve blame for this and should take responsibility for it—is that, in our quest to get the vote in marginal seats in middle England, we may have neglected those parts of the country that our party thought formed our core support. That has led to the rise of the British National party and the 19 councillors that we now have from a far-right party. People have lost all respect for their politicians and are disengaged.

The reason the debate is so important is that an opportunity has been opened up to us by the citizenship classes in our schools and via a new generation of young MPs who were elected in 2005 and who are engaged in their communities—I see evidence of that from all three parties represented in the Chamber today. The challenge for us is to ensure that our young communities get more engaged in politics in the lead-up to the next general election than they have been in the last two.

3.23 pm

Michael Jabez Foster (Hastings and Rye) (Lab): It is often still asked, "Where were you when Kennedy was assassinated?"—I do not mean the local events among the Liberal Democrats, but back in 1963. I know where I was: at the town hall in Hastings, speaking as a member of the youth council. Some people think it a bit sad that one should be so engaged, and that young people today are very different and do not behave in that way. I am not so sure. Young people today are just as keen to get involved in politics, but they are not so keen to get involved in party politics. They certainly have an opinion and if given the opportunity, they will express it.

The trouble is that young people are put off by we oldies. We say that they do not have experience, but the truth is that all young people have experiences that we do not have. They know what it is like to live as a young person in 2006. They know what it is like to be on the street. They know about drugs. Many of us are simply unaware of that sort of activity. They know how they feel about the police and sometimes they know what it is like to be looking for accommodation, so we should celebrate it when young people get involved.

Rather like the Minister, I want to talk about what has been going on in my constituency and why it is important to encourage the participation of young people in the political process. We have had an excellent youth council in Hastings and Rye—it has not run since 1963 until today, but come and gone, although today we have an excellent council once again. The schools and the youth organisations choose their representatives and, most importantly, have a formal link with Hastings borough council. The issue is therefore not just about young people's concerns, but the wider concerns that they discuss and which might be thought of as adult.

My hon. Friend the Minister gave Lewisham a plug, so I want to give a plug to the Labour Hastings borough council, under the leadership of Jeremy Birch. The council should be applauded for its work with the youth council. It provides the youth council with a full-time worker and a budget of £16,000—not as much as in Lewisham—but with £6,000 for the young people to decide how it is spent. They make those decisions and they spend the money wisely.

Just recently the youth council conducted a survey involving the bus service, although they did not do that just by themselves, but linked with the seniors forum to produce their report. It was discovered—oddly, some

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would say—that young people and older people often had common interests. They had the same concerns about the buses not running late enough and about the safety of standing around at a bus stop late at night. The survey was a great example of young people's experience helping to form a policy and perhaps making some changes in the decisions that were subsequently made.

The young people's council also has regular two-monthly meetings in session with the borough council. There is an exchange of views, in which the members meet up, talk and discuss the various issues. In fact, last month the young people's council went in for speed dating with Hastings borough council. That was not something that I would expect to happen, but each youth councillor and each member of the borough council spent three minutes together, exchanging views. Actually getting a view over in three minutes is a lesson for politicians, and that is the point: young people are impatient to express their views. They want to express them, but often the way in which we engage with them prevents that from happening.

The youth council's next project, again in conjunction with the seniors forum, is a crime and safety film, which is to be produced by a local TV station. The lesson is clear. If young people are offered opportunities, they will get involved and come up with conclusions that can help the wider community too.

Likewise, I recently attended the hustings for members of the Youth Parliament. The Youth Parliament has been mentioned, but it does not receive the publicity that it deserves. It was launched in the House of Commons as long ago as 1999 and there are now 300 elected MYPs, aged between 11 and 18. They represent young men and women across the nation, and they tend to be a heck of a lot more representative than we are. There is a goodly number from ethnic minorities, and some members have physical or even learning difficulties, yet still they become MYPs. How come we cannot learn from that?

The year before last, the MYP for Hastings and Rother was a chap called Phil Carey. I mention his name because I was surprised and pleased to note that the Power report was published last week with his name on it, as one of the youth representatives on the commission playing a part in advancing engagement in the political process. He was able to achieve that position through the Youth Parliament.

The week before last, I was invited to attend the declaration of poll for this year's MYP for Hastings and Rother. The campaign was impressive, resulting in a victory for Luke Springthorpe, a 16-year-old from St. Leonards, followed closely by his deputy MYP Nicole Pavitt, a 14-year-old from the Grove school in Hastings. Incidentally, it might not be a bad idea for us to have deputies. It is a heck of a job this MP business, but MYPs share it. They allow a deputy to take over when exams or other things get in the way.

What impressed me about the campaign was the dedication of the candidates to the issues in hand. Anti-bullying, which we hardly talk about in the House, was a key issue in the campaign materials of almost every young person in the campaign. One might expect some of the other issues that were addressed to arise, such as the environment, but another issue that came up was asylum seekers—not *Daily Mail* front-page issues, but how young people really feel about people who come to this country. They wanted to engage in a—I do not like to use the word liberal—progressive way in meeting people from overseas.

Those are adult issues, not kids' issues. I believe that when young people are given the opportunity to do so, they will engage in that way. We should therefore encourage groups such as the UK Youth Parliament to play a fuller part in our democratic process. Perhaps we should invite them here to the Houses of Parliament more often. Three or four years ago, when I suggested in the main Chamber that perhaps at the weekends or in the evenings when we were not using the green Benches, the UK Youth Parliament might do so, there were cries of horror. One Member said, "It would be treason to allow young people to sit on the green Benches if they have not been elected." They have been elected, but to a different Parliament. That sort of initiative might be just a gesture, but it is important that we make gestures to show young people that adult politicians in this Parliament care about what they say.

I have found it useful, in my work as an MP, to work with my MYP. I think that they have found it useful too. I have conducted joint surgeries and question-and-answer sessions with their peers. They enjoy being part of that process and finding that we have methods to bring about outcomes that they would not be able to effect in isolation.

I mention those experiences because it is important to appreciate that people such as Phil Carey, Luke Springthorp, Nicole Pavitt and others will one day be making decisions for us. It is not just about them; it is about us too. I rather like the amusing little sign that goes in the back of cars that says, "Be kind to your children, they'll be choosing your nursing home." Young people will choose our future as well as theirs, so it is important that we do not have a disengaged group of young people who find our values alien. We respect their values, of course, but it would be nice to feel that we have common values. We have to engage them, respect their opinions and, to some extent at least, take note of what they say.

It has been mentioned that back in the 2001 election, just 39 per cent. of young people aged between 18 and 24 voted. That number dropped to 37 per cent. in 2005. Some young people were asked why they were uninterested and did not vote. The survey suggested that it was simply party politics that they were not interested in. They were interested in the issues, but did not see party politics as the answer. Obviously, the parties have failed to make party politics relevant to meeting young people's genuine concerns. Engagement could be the starting point. We should welcome young people's contributions, experience and, perhaps, wisdom, but, above all, for sure, treating them with respect is a good starting point.

Mr. Edward O'Hara (in the Chair): Order. I call the Lib Dem spokesperson to speak out of order because he has to attend a meeting with the Lord Chancellor shortly.

3.33 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I am grateful, Mr. O'Hara, to you for calling me now. I hope hon. Members understand that we sometimes have conflicting duties, but my colleagues will be here and I hope to be back by the end.

I am grateful to have this opportunity and for the measured, helpful and constructive way in which the Minister introduced the debate. I formally welcome her to her new responsibilities, and ask her formally to pass on—I will do it informally when I can—our thanks to my neighbour, the right hon. and learned Member for Camberwell and Peckham (Ms Harman), the Minister of State, Department for Constitutional Affairs, who took her responsibilities in that job extremely seriously and performed them energetically, for which I, and others, are grateful. I was particularly happy to participate with her in the efforts to build up the number of young people who participate in the London local authority elections this May, and the initiatives that the Department and the right hon. and learned Lady took to try to reach the 18 to 24 age group. I hope that they will bear some fruit. It is in all our interests to have more young people voting.

The Minister was right to say that in 40 years, the participation of groups such as young people, black people, people from ethnic minority communities and poor people has gone from being high to being low. As the right hon. and learned Lady regularly says, our duty is to try to engage them all in the process. The debate is a small part of that discussion.

My next point follows exactly from the point that the hon. Member for Hastings and Rye (Michael Jabez Foster) made at the end of his speech. The more respect that we give to young people, the more they will treat democracy with respect. I am troubled by a series of adverts that I have seen—I have not taken this up with the authorities yet—about safer communities. I do not know whether other hon. Members have seen them, but they ask, "Can you spot the difference," and have two almost identical pictures and make the point that one community is safer than the other. I was troubled that the implication was that the safer community picture was the one that did not have three youngsters with hoods on sitting on a bench in a park. That sends completely the wrong message. There is nothing to suggest that they were not sitting there entirely innocently, passing the time of day with other people in the park. We must get those messages right. Perhaps with other colleagues, across the House, we can ensure that such mistakes are not made.

I have a list of tributes to give, because many people have done a lot of work on this subject. It would be wrong not to acknowledge, as the Minister did, a whole litany of people, which I shall do briefly. Over the years, Governments have worked hard on this. I have a friend who worked in government for a while, dealing with young people's affairs, who tried hard to ensure that government kept thinking of imaginative ways to approach the problem. It is a frustrating, difficult system to move, and government moves quite slowly, but many people in it work hard.

Political parties try hard. We are challenged all the time and respond in different ways, but it is not for lack of trying to recruit, engage and involve young people. My hon. Friend the Member for East Dunbartonshire (Jo Swinson) might be able to add a more topical, up-to-date word on that from her recent experiences. In that context, I pay tribute to our youth and student movement, which is an active, energetic, engaged and effective group of people in our party, who sometimes cause the leadership difficulty, and sometimes not, but that is their role, which is important.

In this building, the parliamentary education unit regularly arranges events. Not many weeks ago, I sat where you are, Mr. O'Hara, chairing a debate that it organised among schools from all over the country, to which many of us were invited to participate. The unit perpetually seeks to educate people, and does a good job.

There is a list of organisations to which I want to pay tribute, such as the British Youth Council and the UK Youth Parliament, which is increasingly strong and effective. Like the Minister, I was at the British Museum recently with many Ministers and spokespeople from the main parties engaging with people from all over the UK. They were positive and lively sessions. The Citizens Foundation national Youth Parliament has done good work, and the Hansard Society perpetually challenges. It holds huge events in Westminster Hall with thousands of people who are really positive and engaged. I am sure that you, Mr. O'Hara, and many others, will have participated in such events.

Other organisations that I want to mention are: the Children's Rights Alliance, which lobbied us today; the YMCA and YWCA, which have recently been much more active with such things; and the Electoral Reform Society, which is based in my constituency and always seeks to ensure that people are engaged.

I join others in paying tribute to the Commission for Racial Equality, Operation Black Vote, and the Hindu Forum of Britain, all of which have set up mentoring schemes. I have mentored two young people through the CRE-OBV scheme, one of whom would, I hope, say that the experience was positive enough to put him seriously back on course to do the career that he planned. He is a young, Mancunian of Pakistani background, who had dropped out of university, but who has now got into Cambridge. Hopefully, he will come back into the political process.

The other person I mentored was a young Chinese guy from north London, who is very involved in community activities. I have just agreed to take on a young woman who has an interesting new job to do with the 2012 bid—she is a black woman who is originally from Birmingham, or the west midlands, but has settled in London—and a young Hindu woman.

It is important that we do our job here. If we are to change the gender balance of Parliament and to have a Parliament that looks like Britain, we need to take positive steps, not just passive steps. The hon. Member for Tooting (Mr. Khan) is right. I would predict that applications to work here, which we all receive, are largely from males rather than females and disproportionately from white, middle-class males. I take active steps to ensure that the outcome is not like the input, otherwise we would have a very unrepresentative succession.

Work experience is another good opportunity. We all probably offer work experience to schools in our constituencies and to others. Sometimes the photocopying

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gets a bit tedious, and other tasks can be as well, but for those interested in politics it can be useful. A young lad at the Hindu Forum launch yesterday said, "I'm really keen to come and do some work experience." That has now been fixed up and he will come later in the year.

I pay tribute to local councils, many of which do a good job. Lewisham is one of the leaders and I pay tribute to it. I did not know about Hastings borough council. I know that my borough, Southwark, which is next to the Minister's borough of Lewisham, has increasingly done more. As well as having a youth forum and such things, which are important for engaging young people, it has made efforts that I hope are evidence of political commitment. It is difficult to check such statistics, but I think that when the current administration in Southwark took control four years ago—they happen to be colleagues of mine—it was the youngest administration in the country, with an average age in their early 30s. When I say that to many of our colleagues who run local councils around the country, they recoil in horror. They often have no members in their early 30s, let alone have it as their average age. It is important that we ensure that people in that energetic period of their life can participate in the running of our local authorities; I pay tribute to those authorities for that. Stockport is another that has been positive.

There are also individuals around this room, and others who may have gone before. The hon. Member for Doncaster, North (Edward Miliband) has taken on the role of chair of the all-party group on youth affairs, which is important. My hon. Friend the Member for Montgomeryshire (Lembit Öpik) has been active over the years. I include my hon. Friends the Members for Westmorland and Lonsdale (Tim Farron) and for Manchester, Withington (Mr. Leech), a new MP who now speaks on youth affairs and sadly could not be with us today.

I pay tribute to my three hon. Friends who are the youngest MPs in Britain—in Wales, Scotland and England. They are young women, importantly, and are my hon. Friends the Members for Cardiff, Central (Jenny Willott), for East Dunbartonshire and for Falmouth and Camborne (Julia Goldsworthy). They are all—in spite of the helicopter, which I am told was the only way that my hon. Friend the Member for Falmouth and Camborne could make it to the Budget from Sheffield, where they were filming—trying to do what young colleagues in all parties want, which is to show that they are real people with interests. They are not abnormal, and they have interests in sport and activity just like everyone else. That is one of the messages we need to get out. People here or in councils are not abnormal or different; they are normal. Everyone looking in should have equal access and should be able to think that they could be equally at home here and play their part.

Mr. Khan: I said that I disagreed with the Power commission on the role of the media. The media's intrusion on the private lives of parliamentarians shocks me as a new parliamentarian. Does the hon. Gentleman not think that that is a deterrent to young people who might want to be involved in politics as a full-time vocation?

Simon Hughes: I do not know whether that was meant to be a topical question for me, but I agree. I look forward to having a debate later with the hon. Gentleman, outside the Chamber, about the Power commission. I agree with his reservations about some of its comments, but I hope that we might agree broadly about its recommendations, which are the crucial part. It is interesting that the Power commission was set up by the Joseph Rowntree Reform Trust and the Joseph Rowntree Charitable Trust, which have always been part of that progressive social group that seeks always to make democracy more participatory. I thank them for putting up the money so that that body could do its work and report to us. Everyone is taking that seriously.

I want to pay one last tribute. The hon. Member for Tooting referred to one of the difficulties of being elected, whether as a local councillor, a member of the London assembly or as a Member of Parliament. In spite of those difficulties, be they the loss of privacy or of personal time and space, with people knocking at the door or ringing up all the time, some people stand for election as young as they can. One member of our party, a woman called Hannah Hedges, was the youngest parliamentary candidate in the country and stood at the age of 21. It was important that she did that. She was selected through the proper process and stood for a parliamentary seat.

A friend of mine, Niko Baar, became the youngest councillor in the country in Southwark some years ago, at the age of 21. He did a good eight years as a councillor and then went off to do other things, which was reasonable after eight years of such intensive work. There are other things in life. That is another important message: people do not have to go into politics to stay. Politics needs people who come in and go out, or who do other things and then come in. It is important that people do not think that they will get locked in for life. There is a lot of pressure, once one says yes. My friend Richard Allan, the former MP for Sheffield, Hallam, stood down for no other reason than that he had other things to do with his life at the end of his 30s and in his early 40s.

I will be quick and make three substantive points. There are ways in which homes, schools and the media can do more to ensure that the political engagement with young people happens better. Parents have that responsibility. Families often have strong political debates, even in this country—I know that the French have much more politicised meal times than we do. The children with the most encouragement often become much more politically engaged. Baroness Williams tells the story of being brought up in a political household. Of course it makes one more politicised. Parents have a duty.

I agree with the hon. Member for Hastings and Rye that visits here and to council chambers, and the use of the Chamber and the council chamber, are important. However, it must not be seen as theatre. There is a danger sometimes that it is seen as theatre, not reality. People dress up and it is a game. The important thing is that there should be real discussion, real debate and a real exchange of views.

I have just come from the Globe theatre, which is holding a schools spring event. Lots of schools are doing "As You Like It". Theatre can often engage people in politics. The great Shakespearian plays, as well as others, contain some big political issues. There are a lot of ways to enable young people to emerge with strong feelings. We need to encourage them at all times.

We need to keep on encouraging our radio, television, video and other providers to do the job better. That is why it is a good thing when the BBC do "Question Time" and "Any Questions" for young people. That may give us a lesson.: those programmes move around the country. Last time I was on "Question Time" it was in Harlow, I think. We could do better as a Parliament not to move ourselves round lock, stock and barrel but to do a bit of what the Scottish Parliament and Welsh Assembly do, and to take what we do more visibly from this place to the boroughs, to the counties and around Britain.

We need to think about how we take politics to people. It is exactly the point that the Minister made about going to register people rather than expecting them to come to us.

Mr. David Kidney (Stafford) (Lab): May I make the obvious point that we have permitted Select Committees to go around the country, and they often do so?

Simon Hughes: That is a good thing. We should think about how we can engage those who vote least in that process.

I have had a view for a long time about the right age at which people should be able to vote. However, whatever view we reach, at that age, UK-born and bred citizens should have a citizenship ceremony like the one for new arrivals. To make a reality of citizenship education, which can be good, although it is sometimes dull, we should have a process of moving on from training and learning to life, like the Americans do. The course tells people not only about voting, but about jury trial, magistracy and the things that come with adulthood and are part of the opportunities on the other side of the door. We should consider that to be a regular process of the formal education period before people choose whether to stay on or to go to college, sixth form or school.

My party has been clear about the agenda. I want to set out what I think and where I hope the Minister and Government can be encouraged further. I recognise the good work that has been done. We have to improve registration and participation; it has to be easier to register. I like the Power commission's idea that at 16, if that is the age, there should be automatic registration and a national insurance number should be issued automatically, so that it is made easy. Young people move around more quickly and often than older people, so a way that allows people to register more easily is vital. Also, people need to be able to register much nearer an election, because often people's minds do not focus. We are still too slow; in the modern age, a week or two before the election—once the campaign has started—there really ought to be a week's window in which people can still register. We have just had the last registration for the May elections, but a lot of people will not really think about them until after Easter. We must change that.

We have to make it easier for people to vote where they are. We should be able to vote wherever there is a voting place, and before too long I hope that we can vote by other methods, whether online or whatever. I realise the technical difficulties and the security issues involved, but it is nonsense to tell someone that they have to go to Aylwin girls' school—good though that school is—and cannot vote at a place near where they live, work or move around.

Bridget Prentice: I am conscious that the hon. Gentleman has another meeting to go to, but on people being able to vote where they are, if we could move to more technological forms of voting, would it not be possible for the voting booth to go out to community centres, care homes and even schools, so that we could actually take the vote to the people, rather than the other way around?

Simon Hughes: And above all to the bus stops, the bus and railway stations, and—in London—the tube stations, where there are real numbers of people, and where we can catch people as they go about. We could also take voting to the supermarkets, I guess, and other places.

All of us are probably very good at involving young people in the political process as we go about our weekly lives; that is why we are here. We should be taking young people to surgeries, and when we knock on doors, we should not say to the young person who answers, "Can you find your dad or your mum?", but should talk to them first about why we are at the door. We should let them come out with us if they want to, as they often might in school holidays. They might ask, "Where are you going? What are you doing? Can I canvass with you?" If they came with us, they could see the process; we have a duty to engage them, and for kids it is often very exciting and interesting. A bit of a competition is always a good thing, and they normally enjoy it.

We all have a duty to do the best we can to ensure that our parties are properly representative. I am trying hard to make sure that ours is, as are my colleagues who are present. I know that we are all trying to do that but, bluntly, we have to work harder. None of us has got there, yet.

I support votes at 16, as does my party. The key reason is that if we allow people to leave school at that age, but they cannot vote until a period afterwards, there is a disconnection in their learning, between the preparation and the opportunity. As young people have shorter attention spans, any interest that has been cultivated may well be lost by distractions. That, for me, is the overwhelming reason, quite apart from the reason to do with the civic age of responsibility. The other day, my hon. Friend the Member for Bristol, West (Stephen Williams) made a persuasive case for votes at 16 under a ten-minute Bill downstairs; it failed by only eight votes, I think. I had the figures somewhere, but I have mislaid them.

The hon. Member for Hastings and Rye asked the important question of what young people are interested in: issues or parties? It is issues, of course. Parties are only methods of getting issues changed. Political parties are only the means, not the ends, and young people are interested in the ends—in peace not war, justice not

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injustice, equality not inequality, and no discrimination rather than discrimination. They are really engaged. I particularly pay tribute to minority ethnic community young people; in my experience, they are often much more politically alert than those born and brought up here, and whose families have been here for generations. That is because at home there is a combination of an international experience and a national experience, so they probably understand international affairs much better than people who have links with no other countries.

The youth services and local authorities have a duty to be always helpful. To end, I give an example of one thing that we might do. Young people's interest is often cultivated by seeing the political process deliver. Kids might knock on my door and ask, "Simon, can we have a football cage on our estate?" If there is a process whereby in a short period their interest in getting something done can deliver them through the consultation and the outcome, and if they can then see that cage there, they are far more likely to trust in the process. If the process takes power away from them and says, "Leave it to us," they will not be engaged. If the process says, "Okay, let's get on with it," and nothing ever happens, they will say, "When we asked, nothing was delivered." For most young people, the important thing is seeing that they have the ability to influence something through to a conclusion. That, more than anything, would make them feel more engaged. We are going in the right direction, but there is real urgency for us to do better and go faster. If we do that well, we can ensure really healthy politics; if we do not, we are in for trouble in the years ahead.

3.55 pm

Edward Miliband (Doncaster, North) (Lab): I am grateful to you for calling me to speak, Mr. O'Hara. I apologise to the House, because I shall have to leave a bit later, but I hope to come back for the winding-up speeches.

This debate is timely, because there is a crisis with young people's participation in politics. Other speakers have spoken eloquently about the shockingly low percentage of young people who participated in the general election. My hon. Friend the Member for Tooting (Mr. Khan) is right: there is a general problem with engagement and disengagement, but it is particularly acute among young people, and disproportionately so.

There are three things that we need to talk about in this debate in terms of making a difference to young people's participation. The first has to do with how we talk about young people, both in politics and in the media. The second is about the way in which we engage young people on issues that directly affect their lives, and I will say a little about what I mean by that later. The third has to do with the democratic process.

On the first issue—how we talk about young people—part of the problem is that we tend to see young people either as problems and people who cause trouble, or as bearers of potential and people on whom the future of our country depends. We rarely talk about them as citizens in themselves, who have legitimate voices. That is partly why such debates are important; they start to change that dynamic.

The reality of young people today is that 98 per cent. of 10 to 17-year-olds are neither cautioned for, nor convicted of, a criminal offence in any given year, but one certainly would not know that from listening to some debates in the House or in the media. I cite one example in the media. MORI carried out a poll in 2004 that showed that 70 per cent. of press articles about young people were negative. It said that young people are quoted in only 8 per cent. of stories about them. Two thirds of 11 to 18-year-olds would not trust a journalist to tell them the truth and perhaps that is not surprising given the nature of the stories written about young people.

That is not to deny the issues of antisocial behaviour and so on in all our communities, but it is the responsibility of both the media and us politicians to give a more rounded picture of young people. Put it this way: if, on 49 out of 50 occasions when we talked about young people, we did so in positive terms, they might regard our political proceedings somewhat differently. If we were doing that, we would be representing young people fairly.

In a way, my second point echoes the words of the hon. Member for North Southwark and Bermondsey (Simon Hughes), who has talked about such issues over a long period and who has done incredibly important work on the subject. We have to start to engage young people on the issues that affect their lives which are simply unaddressed. I am thinking particularly of services for young people in their own communities, and of spaces and places for young people to go. I care a lot about that. For a long time, that has been a neglected area of Government policy. I am not making a party political point; I think that that has happened under Governments of both parties.

I much welcome the fact that the Government have started to redress the balance with the youth Green Paper and the youth funds, which are now starting to become available. Over the next two years, more than £100 million will be available for giving young people a say about the kind of services that they want in their communities. That is important as young people care about a whole range of things beyond the issues that directly affect them, such as youth clubs and so on. However, if we in politics do not engage with and listen to them on those issues, what hope can we have that they will believe that we take them seriously on the whole range of issues?

The democratic process is at the core of this debate. I am sympathetic to—and, it is fair to say, a convert to—the idea of votes at 16, partly because of the issues of principle involved. At 16, young people have the right to get married and join the military, although only with parental consent, it is true. They can also leave compulsory schooling and go out to work. Those issues of principle are important. I do not mean that they are overwhelming and should automatically mean that people of 16 should have the vote, but they are a compelling case to begin with.

The hon. Member for Mid-Dorset and North Poole (Annette Brooke) mentioned that the younger people get involved in the possibility of voting, the more likely they are to vote. I also cite a report from the Social Market Foundation on that subject. It may seem counter-intuitive, but where the date of a general election falls, relative to the 18th birthday of a young

person, makes a big difference to whether they will vote. That may be to do with their going to college or university or their excitement about gaining the vote and having the chance to exercise it immediately. It is also an important part of the case for lowering the voting age.

The voting age was changed to 18 in 1969 and I have looked back at the House of Commons debates of 1968 on the issue. They are interesting because they reflect the same sorts of arguments that we hear today about voting at 16. For the interest—I shall not say amusement—of Members, I cite a speech made by the late Quintin Hogg, who spoke in one of them, although not, I think, for the Conservative Front Bench. He stated that his belief that the voting age should not be lowered to 18 was based on

"the conviction that there is a case for a period of time after maturity, of which three years is *prima facie* not a bad period, in which to go about the world getting experience before one is held to one's contracts, before one makes an irreparable mistake in marriage and even before one has what I still regard as the privilege, as well as the right, of the parliamentary franchise."—[*Official Report*, 18 November 1968; Vol. 773, c. 1015.]

Some of the arguments today about whether people are ready for votes at 16 are based on similar convictions. Obviously, we have to draw the line somewhere; no one proposes that we should lower the voting age to below 16, but hon. Members who doubt the proposal should bear those debates of 1968 in mind. A lot of the 16-year-olds whom I meet are either ready for the vote or would be, with the right sort of citizenship education and other things.

Lowering the voting age is not a panacea and no one should pretend that it is. That takes me to a wider point about the democratic process. We need to think across the piece about how to show that mainstream politics is more open to young people. Citizenship education is important and working out how it can be strengthened is part of this issue. My sense is that the teaching of citizenship is great in some places, but not so great in others. In some places, the subject seems to be more about institutions than live and controversial political issues. One of the ways in which to engage people in politics is to make them think that they are exciting and about their lives.

I echo the words of my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster), who says that we need to find ways of opening up Parliament. I am struck by the fact that, to my knowledge, the UK Youth Parliament has been sitting for four or five years, but never in this place.

Simon Hughes: As you may know better than me, Mr. O'Hara, the Youth Parliament has certainly met in this Chamber or in a Committee Room on this corridor, although not yet in either of the Chambers downstairs.

Edward Miliband: I am grateful for that, and stand corrected. I suppose I meant that the Youth Parliament has never had its big annual meeting in this House; that would be a welcome development. The House authorities and others should consider that.

Local elections and engaging people on a local level are important. I, too, have met the young mayor of Lewisham. Last week I was with him at a question time with young people. I got a rough ride—members of the governing party, even humble Back Benchers, can expect that. The mayor is an impressive person. He has a group of advisers and a budget. As my hon. Friend the Minister said, he was elected with a reasonable turnout. All those things are important. In Doncaster, we have a youth council that is going strong and there was a high turnout at its elections. All those issues across the piece can make a difference to the engagement of young people.

I end by making a final point that takes in all of the issues. One of my political heroes is the American Senator Robert Kennedy. Forty years ago, he gave a speech in South Africa to a group of young people, and one of the things in politics that he warned most against was the danger of a sense of futility, the sense that nothing can change. If I had to sum up the one biggest problem of our proceedings and politics today, I would say that it was the sense among many people that intervening in or trying to affect the political process is futile, because they think that things will not change and they cannot have a voice. That is what we need to change—both generally, and specifically in respect of young people.

I welcome this debate. I welcome the Minister's positive comments, in a personal capacity, about votes at 16, and I look forward to Members, here and elsewhere, continuing to make the case for the engagement of young people in politics in the months and years ahead.

4.7 pm

Jo Swinson (East Dunbartonshire) (LD): I apologise for arriving late; I was at a sitting of a statutory instrument Committee. I shall have to leave about half an hour before the end of the debate to catch my flight to my constituency, although I would very much like to hear the summing up. I am sure I shall read the *Hansard* report.

I want to share my experience as the youngest MP in the House. People often talk to me—in party political contexts, at conferences or at events in the wider community—about the issue of young people and democracy. They ask, "How do we get more young people interested in politics?" I often think, "Are you not asking the wrong person?" Given that I have stood for election and been elected, I am clearly a young person who is very interested in politics. It is the wrong question to ask because as we have heard today, young people are interested in politics.

Last July, I was at the Make Poverty History march in Edinburgh and it was stuffed full of young people from all around the country making their voices heard. I am sure that hon. Members who attended the Stop Climate Chaos lobby a few weeks ago will have noted the number of young people there who were campaigning on that issue.

Young people are generally engaged in the issues, but how do we turn that engagement towards the political process? That is the challenge for us all. Members have talked today about different options and other things that are happening in their constituencies to engage young people. We all go to speak in schools in our constituencies and answer pupils' questions about our work as MPs and how the parliamentary system works. I, for one, always find such events incredibly enjoyable.

[Jo Swinson]

It does not matter whether I have been wading through the intricacies of a Bill and its legislative jargon or finding piles of correspondence in my office—when I go to a school, I forget all that.

Usually, there is a group of several dozen young people who start off slightly sceptical and think that the meeting will be dull and dry. However, starting to ask questions acts as a catalyst; more and more questions keep coming and they get incredibly engaged. The brilliant thing about school pupils is that there is no politeness or faffing around not being direct—they get straight to the point, asking how much I earn or whatever is on their minds. I always come away from such meetings feeling inspired about the next generation of people coming through the system.

We have also heard about the Youth Parliament, which does a huge amount of good work. I lend my voice to the calls for it to be able to use the Commons Chamber when it meets. That would be excellent. Many schools have debating societies. I got involved when my school ran parliamentary debates, which sparked my first interest in politics back in the early 1990s. Last Friday I went to a meeting of the European Youth Parliament, west of Scotland division, which was being held in my constituency and where people were debating European issues. In addition, there is also an extremely successful BBC schools question time event.

There are many projects or organisations set up to involve young people in politics. Often, they are all siphoned off as a separate section: we say to ourselves, "This is the young people being involved in politics bit. The other politics bit is in the House of Commons or the council chambers, or in groups up and down the country".

We must also promote direct engagement with the political process. Currently, young people cannot vote until they are 18. My view is clear; whenever I meet young people, whether it be in schools or at any community events, I am their Member of Parliament. Whether or not they can vote does not matter. If they are concerned about issues, they should write to me, e-mail me, check on my website to see what I have said or listen to my podcast. They should use whichever means they can access to find out about politics. I want them to get in touch. Sometimes when I say that to a young person it is a bit of a new idea to them. As they cannot vote, they have not thought that they can have that voice. I am pleased to say that I have received more letters and e-mails from young people as a result of that approach.

It is also important to encourage young people to go further than just having their view. They might like to get involved in many ways. For example, they might want to join a pressure group and get involved in the organisation of campaigns. If they have a particular affiliation to a political party, they should go further and join the political party. They should find out more about standing, be it for a local town, parish or community council, the local authority, Parliament, one of the Assemblies or the European Parliament.

My hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) mentioned that the youngest candidate at the previous election was a Liberal Democrat. At the one before that, in 2001, I was one of the youngest candidates in the country. I found it an incredibly valuable and interesting experience. We should encourage young people, not just to tell us their views, but to get involved and be part of the system. That must be the way forward.

Many hon. Members have signed early-day motion 1218 on the 2009 Project. There is an excellent website associated with that: www.the2009project.com. It aims to get young people—it extends the definition to everyone who will be under 35 at the next election—to sign up to pledge that they will vote. Irrespective of who they vote for, the aim is to get them to pledge that they will vote and use their voice. As has been mentioned, young people care about many issues—anti-bullying was one that came up and, recently, issues about the minimum wage were raised. It took a long time for 16 and 17-year-olds to be enfranchised within that. Tuition fees affect younger people in particular. If the voice of young people is not heard at the voting booth, those issues are less likely to be taken seriously in this House. Apparently, 13 million under-35s will be eligible to vote at the next general election. Politicians should be taking account of that huge number of voters. I hope that hon. Members have used that opportunity to encourage young people in their constituencies to sign up to vote.

The issues about how young people vote are also important. I remember the first time I was able to vote. Very frustratingly, I could not vote in the 1997 election, although by a cruel accident of birth many of my best friends were able to do so—they were several months older than me. I restricted myself to lobbying them and trying to convince them to vote Liberal Democrat.

My first vote was in council elections, when I was a student living in Southwark and studying in London. I was keen to vote as I was interested in politics. I received my polling card and it mentioned a certain primary school. I had been living in London for eight months and I had no idea where it was. As I was walking out of the halls of residence to try to work out where to go, my hon. Friend the Member for North Southwark and Bermondsey came up—

Simon Hughes: I did not pay my hon. Friend to say this.

Jo Swinson: I do not think that I have shared this story with my hon. Friend. He might not remember the occasion, because I was just some student in Butlers Wharf hall of residence. He said, "Get into my car and I will give you a lift to the polling station". I said to myself, "Fine, that's great". The polling station was about 200 m away; it was so close to where I had been living for eight months yet I had no idea where it was. Students move into their halls of residence and work out how to get to their university classes and where the nearest bar is. Other than doing that, they might not be very integrated into their local community. That is a big problem, because if it is not easy for people to work out where to go to vote, they are far less likely to do so.

I got back from the polling station, got a sheet of A4 paper and, using a marker pen, drew a little map that said, "You are here. Go there, turn right, and take the second on the left. There is the polling station. Voting is today". I stuck it by the entrance to the hall of residence. According to the marked registers for that year, many

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more of the students voted. Simple things such as that can make a difference. It is about both ensuring that people are on the register and that the polling stations are accessible. For halls of residence in particular, how difficult would it be for the local authority to issue a map with the polling card?

Simon Hughes: Have a ballot box in halls of residence.

Jo Swinson: Indeed, there could be a ballot box in halls of residence or in universities.

We need to examine such barriers. I agree with many of the comments about voting at 16. In response to the proposition made by the hon. Member for Tooting (Mr. Khan), it is not the be all and end all. It is not the only thing to do. It will not be the magic solution, but it is part of it because it is part of ensuring that people can participate. While people need their parents' consent to get married at 16 in England and Wales, if people are really determined they can pop across the border to Gretna where that is not required. That gives another reason why people should be able to cast their vote at 16.

On a slightly controversial note, I welcome candidacy at 18, which is coming forward, but I would go one step further. I hope that if the issue of voting at 16 is reconsidered, we will also reconsider the age of candidacy and perhaps it could also be lowered to 16. It makes sense to have the age of candidacy the same as the age at which people can cast their vote. I have heard people say, "This would be dreadful. We would have 16-year-old MPs." Frankly, as someone once said, "If you are good enough, you are old enough." Anyone who gets elected has had to convince a constituency that they are the right person for the job.

People look at this House and they do not see it as being representative. Currently, people can stand for Parliament at 21 and, as I mentioned, I did so. It is uncommon for people to win at their first attempt. As a result, while the age at which people can stand for Parliament is 21, we do not have any 21-year-old MPs, nor have we had since Bernadette Devlin was elected back in the 1960s. There is no guarantee that there will be MPs of the age at which people can stand for Parliament. Despite the fact that about 40 per cent. of the population is under 30, only two out of 646 Members in this House are under 30. That is not good enough in terms of representing this country.

I would go further. Much as people might turn to me, as the youngest MP, to be the voice for youth, I do not necessarily have my finger on the pulse. I could not tell people what was No. 1 in the charts.

Simon Hughes: It changed last week.

Jo Swinson: My hon. Friend is clearly more on the ball than I am.

I think the hon. Member for Hastings and Rye (Michael Jabez Foster) made the point that the range of life experiences is important. Even as the youngest MP, I went to university before tuition fees came in, so I do not know what it is like to have to handle the additional burden of tuition fees and top-up fees. We should ensure that such experiences are represented in the House. Many other issues are also not being represented.

We need more young MPs. We all have a responsibility to encourage young people to stand for Parliament, much as there are advantages to the current system. I do not think I need any anti-wrinkle cream because if the good people of East Dunbartonshire continue to return me as their MP, by current standards I will be a young MP for the next 15 years. We have all heard the descriptions of somebody being a young MP at 40, which in any other walk of life would be approaching middle age.

Finally, for as long as people turn on the television, look at the House of Commons Chamber and see something totally unrepresentative of our society, be it in terms of age, gender, disability or the colour of people's skin, we will not manage to solve the problem of better participation. Addressing that must be a key part of the solution. Young people are passionate about political issues and we all have a responsibility to nurture their enthusiasm and open the doors for their participation.

Mr. Edward O'Hara (in the Chair): Before I call the next speaker, I should say that it is desirable for reasons of equity that the Conservative Front-Bench spokesperson has the same length of time in which to speak as the Liberal Democrat. By my calculations, that means that she must be called not later than 4.58 pm.

4.20 pm

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): It is a great privilege to be able to speak on young people's participation in democracy. There are a number of reasons why it is so difficult to engage young people in the democratic process, but I do not believe that apathy is one of them.

In a recent survey, nine out of 10 young people identified three or more of what could be considered political issues that really mattered to them and that they wanted the Government to address. That is hardly apathetic. The same survey found that 72 per cent. of 18 to 24-year-olds would vote if they believed a politician would listen to their priorities and keep their promises about those priorities. By contrast, only 20 per cent. said they were too apathetic to vote. Nearly double—almost 40 per cent.—said they did not vote because in their opinion the parties' policies were too alike. I think we all agree that young people are not apathetic; they just do not always understand how politics impacts on their life and how they can make a difference in political terms—to particular policies—just by voting.

The majority of young people do not vote. Therefore, older people have a greater impact on elections. As a consequence, politicians tend to work for older voters, and younger voters become less committed, so even fewer of them vote; the situation is like ever-decreasing circles. Young people do not vote because they feel they are not listened to. That is a circular argument, because if more young people voted, their positions would become much more important to politicians and Governments. When less than 40 per cent. of young people vote in a general election, compared with voter turnout of almost 70 per cent. for those over 55, it is hardly surprising that older voters' concerns are prioritised. I will come on to the issue of whether the

[Mrs. Sharon Hodgson]

voting age should be 16 later, because I think that that is one way in which we could address the issue of making politicians take more notice of the concerns of young people.

A lack of engagement and a low voting turnout among young people is a particular problem in the north-east, such as in my constituency. During the last general election, the north-east had the second lowest turnout of that category of voters. The lack of young people's participation in democracy is compounded in the north-east by the fact that those in the poorest sections of our society are less engaged. Young people from such backgrounds are even less likely to vote and to be engaged than those from other sections of society; 15 per cent. fewer young people from the poorest sections vote, compared with those from the wealthiest sections.

What are the solutions? Young people need to be shown that one person—namely, they—can make a difference if they try. Everyone in this room believes that; that is why we all entered politics. As has been said, young people are involved in activism outside the normal party spectrum, but it is our responsibility, as their representatives, to show them that their concerns matter to us.

I recently met a student from Sunderland university who was campaigning to retain the student discounts on public transport, which are currently under threat because of a transport funding shortfall to pay for free bus travel for pensioners. That is an unintended consequence. On Monday night, I went to see the Prime Minister about it as part of a delegation of Tyne and Wear MPs, and we hope that it will be rectified. That young female student came to see me, as her MP, to put her views across on a one-to-one basis. It could be said that she was already engaged to an extent because she was at college, but, none the less, she came on her own, and I have a lot of respect for her for doing that.

We need to focus on the issues that matter to young people and to ask what they are. We cannot assume that we remember what they are because we were once young, because even if we remember what they were then, it is very likely that the main issues are different now. As the hon. Member for East Dunbartonshire (Jo Swinson) said, even though she is the youngest Member in the House she does not have experience of paying tuition fees. That is just one example of the changing issues.

We need to ask young people what the important issues are. They might mention their employment prospects, the costs and benefits of higher education, or how they can afford to buy their first home. It is difficult to engage with young people, but I believe that the way to do so is to hold youth surgeries. When we knock on people's doors, it is usually the parents who come to speak to us. Even if a younger person answers the door, they do not want to stay standing there for a second; they quickly go away saying, "I'll get me mam," or, "I'll get me dad."

I find that visiting young people in schools is the best way to engage with them. However, there might be between 10 and 30 of them, depending on whether the situation involves a group or a whole class, and some of them will not engage. The usual suspects will ask all the questions and want to know things and, because of the nature of situations like that, others will stay quiet. Therefore, there can only be real engagement on a one-to-one basis, and surgeries offer a way to do that. I have started working to set that up with a national organisation called Changemakers. It has a regional office in Newcastle.

With regard to the citizenship education agenda, can I recommend to all Members in the House the "Democracy Cookbook" from the Electoral Commission? It is excellent. I do not know if any Members have come across the publication, but I commend the Electoral Commission for the time, money and effort it invested in producing it. Whoever was behind it obviously had their finger on the pulse, because it is very good. I was so enthused by it that I sent off for a number of copies. I was told that I could be sent only 12, but that any school that wanted some could apply to the Electoral Commission directly and it would send up to 30 per school. I received 12 copies and as I have five secondary schools and one college on my patch, I had the brilliant idea on Friday to drive around with my researcher and drop them all off. I thought I would have a quick five-minute chat and drop all the cookbooks in and explain the benefit of them.

Not long after I was elected, I wrote to all the secondary and primary schools on my patch offering to go along and take part in any discussions on democracy, citizenship lessons or question and answer sessions on a Friday or any day during September when we are in recess. I said, "You just plan it, ring my office and organise it." However, nothing happened; none of them approached me. Therefore, I decided to go along and meet them in person and say, "I come bearing gifts and I am a normal person, so please invite me in." It did not take just five minutes per school, especially as it was the week immediately after the Education and Inspections Bill debate. My researcher was saying, "Sharon, are you sure this is a good idea?" I said, "It's a fantastic idea." It took every minute of an entire day. The schools were shutting and the children were leaving when I was running into the last school. The offer I made still stands.

I will send all those schools a copy of this debate and I would be happy to go along and engage with their young people. I want the young people themselves to organise these youth surgeries in their schools and I will go along and have 10-minute appointments. A group of pupils could organise the youth surgeries; that is what I envisage. I hope very much that that happens.

We also need to think about new ways to vote and, as the Chancellor recently suggested, we should also consider lowering the voting age to 16. I support that. It would build excitement about voting if it were linked with citizenship education in the right way. Children in schools are being taught about citizenship, voting, what it means and how they can impact on the process. There is engagement with local politicians, councillors and MPs. The relevance is there and lowering the age would build up impetus and excitement as children turn 16 and elections take place. Some children would be eligible to vote in the May election and others would not, but it would be something that everyone would want to do. I hope that it would stay with them and develop into a good habit when they left school. They say that voting habits come with age. Hence, more people over 55 vote. It becomes habit forming.

If all children stayed on at school until 18, they would still not develop the habit. It must be linked to citizenship education. Even if children receive the education and become enthused by voting, there is still a two-year gap for a large number of young people, because not all children stay on at school until 18. I support voting at 16.

The YMCA worked with hard-to-reach young people, and Alison Dean, from YMCA England's working with young people unit, gave oral evidence to the Power commission. She highlighted the skills gap:

> "Those who are hardest-to-reach may have difficulties around literacy, communications and expressing their own opinions, so they would not be able to engage in any formal kind of communication or dialogue that would demonstrate that they had an interest in politics."

Young people fear being out of their depth or making a fool of themselves. They have a high level of self-consciousness, which is detrimental to their finding out information. Once they have left school, if they have had a couple of years thinking, "I don't understand and it's too late to ask now," they get to 18, 19 or 20 and they do not want to be embarrassed and ask, "How do I go about voting?" So, 16 is probably a good age at which to catch them before they become too self-conscious. It just becomes a habit: they go along to the polling station with their parents and they have mock polling stations in school. They understand what to do when they go into that little box with the pencil on a string, and they understand how it all works.

Evidence from Germany and Austria has shown that youth turnout greatly increases when the voting age is reduced. In Vienna, the youth participation rate was 90 per cent.—a very interesting statistic.

Justine Greening: I just want to clarify whether Austria has voting at 16. I think it is at 18, but if I am wrong perhaps the hon. Lady will correct me. I thought that the age was reduced to 18, and that is my query.

Mrs. Hodgson: The hon. Lady may be correct. However, my notes say "votes at 16". I shall have to ask the YMCA for clarification, because when it mentions Vienna, it does not actually say "at 16", so the paragraph could be misleading.

We must make voter registration easier, but we do not need to introduce individual registration as the Opposition have suggested. The YMCA and others believe that household registration is a barrier to young people who move frequently. I disagree, because any individual can register at any time when they move. One does not have to wait for the form. Again, it is an awareness issue. The vast majority of disengaged young people still live at home and they benefit from household registration, as their parents complete the form on behalf of the whole household. I am opposed to individual registration for that reason.

I agree that reducing the candidacy age to 18 would be positive and help to attract younger candidates. However, I realise that just because somebody can stand at 18, does not mean that there will be any 18-year-old MPs. It is about sending out the right message. Although reducing the candidacy age would be a positive move, life experience is important in this House. An 18-year-old MP would have only a limited amount of life experience. At 21, one has a bit more.

Jo Swinson: Does not the hon. Lady accept that if enough voters in a particular constituency feel that a candidate, of whatever age, has enough life experience to represent them, the final decision should lie with them?

Mrs. Hodgson: That is right. It may explain why even though the candidacy age is 21, there have been no 21-year-old MPs for a long time. The hon. Lady alludes to the fact that the choice should rest with the electorate.

Justine Greening: We are getting into a conundrum: on the one hand, getting more people involved at a younger age is to be welcomed; on the other hand, people very much dislike politicians who have spent their career in Parliament, never having worked in the real world, paid a mortgage, gone home, got up, gone to work, gone to the office, come home, paid the mortgage and so on. There is a contradiction, but as the hon. Member for East Dunbartonshire (Jo Swinson) says, it is up to voters to decide what they prioritise.

Mrs. Hodgson: Again, that is a valid point. We could probably debate that point alone for some time. When I came into politics and decided to stand for public life, it was because I believed that I had a lifetime's worth of relatable experience to offer. Owing to my 20 years of work before I came to Parliament, I have qualities and skills from a long background in many different sectors. It will always provide a balance. However, I take the point made by the hon. Member for East Dunbartonshire: it is up to the electorate to decide.

The Government should consult regularly with young people on a range of issues, as they did with the Green Paper, "Youth Matters", on which there were 19,000 submissions. It showed that young people want to be heard. One good thing that came out of it was the youth opportunities card. I do not know how many pilots there will be, but I am pleased that the card is being piloted in my constituency. I shall follow it with great interest.

Both local authorities in my constituency will receive money from the youth opportunity fund. Perhaps the Minister will clarify whether it is a national scheme. The guidance for local authorities says that they are to consult with young people on how the fund is spent. From the figures I received, they have about £400,000 to spend from the fund. I have raised the matter with both authorities and I shall follow with great interest the ways in which they decide to spend the money. I hope that they will follow the guidance and consult young people.

I commend the work that organisations such as the YMCA and Changemakers do with young people. In particular, I commend the YMCA for offering training, campaigning and lobbying skills through the "Changing Your World" programme. It brings young people, often YMCA residents, to London to learn about Parliament and the possibilities that political action offers. Changemakers works on a wide range of programmes, including YSpeak. That programme encourages young people to be advocates for one another and to take up

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issues and campaigns. I visited the office of that organisation in Newcastle and met a number of the young people involved. It impressed me how much they had benefited, both socially and educationally, from involvement with such an organisation.

Political engagement is a natural progression from that. When young people get involved with such an organisation or activity, they realise that politics matters and impacts on everything. There were clever television adverts from the Electoral Commission encouraging engagement, but it is often when people see for themselves the impact of politics that they get involved. The Minister said that often when young people meet politicians and realise that we are real people, their opinions of us change. The media have much to answer for. Their portrayal of politicians involves lots of stereotypes, most of which are untrue. Sadly, some of them are true.

One reason why I wanted to get into politics was that I did not feel that there was anyone like me in politics. I do not know whether people in this Chamber would agree with that. I am a working-class woman from Gateshead. In the north-east, there are not many women MPs. I am the only woman MP in Tyne and Wear, which has 13 seats. The north-east probably has 60 or 70 seats in total and the number of women MPs has increased from four to six. The north-east has been a bastion of male dominance over the years. It was an industrial area and I suppose that male dominance in that respect followed through into politics.

The women who broke through were amazing. We can see how Mo Mowlam got here. Hilary Armstrong is our Chief Whip. Vera Baird broke through in 2001. She followed—

Mr. Edward O'Hara (in the Chair): Order. The hon. Lady should refer to hon. Members by their constituency.

Mrs. Hodgson: I apologise, Mr. O'Hara. Women who have become MPs in the north-east have been quite memorable and are still active in their roles. However, I could see no one like me in politics, especially in the north-east. That encouraged me to get into politics. I believe that MPs should be representative, in many ways, of the people they represent. I am referring to ethnic and cultural background and so on. I strove to provide that representation and, lo and behold, I am here, which I am very pleased about.

Today I received a delegation from the Gateshead young women's outreach project. I met six women and two youth workers. They came down to Parliament and sat in the Gallery for questions to my hon. Friend the Minister for Women and Equality, which they found fascinating. Indeed, the whole experience has been great for them. They are mothers of school age but are not in school for various reasons, but usually because they have been bullied. They receive support relating to education, being healthy and safe, achieving and contributing and, eventually, becoming economically independent. Those 16 and 17-year-old girls said to me, "When you were our age, did you know you wanted to be an MP? Did you know this is what you wanted to do?" The answer was no—far from it. Life experience led me to want to become an MP. I hope that I can be a role model for those women and other women throughout the country. I hope that they will see that people do not have to be in a certain mould or of a certain type to follow a certain path. Life is what you make it. People can do anything they want to if they put their mind to it.

Mr. Edward O'Hara (in the Chair): I ask hon. Members to bear in mind the need to allow ample time for the closing speeches.

4.45 pm

Mr. David Kidney (Stafford) (Lab): I shall remember your words, Mr. O'Hara, and I promise to be brief. I apologise for missing the beginning of the debate and the speeches by my hon. Friend the Minister and the hon. Member for Mid-Dorset and North Poole (Annette Brooke). I was next door in a Standing Committee making an important contribution, I thought, to trying to save lives on the roads by reducing the drink-driving limit. I mention that only because it is endlessly fascinating to me how politics invades every aspect of public life. For me, that is the driving passion about politics and I would like to instil it in every young person I meet.

Since I was elected in 1997, I have visited schools in the Stafford constituency regularly. Everywhere I go I see positive, happy learning environments and youngsters who are bursting with ideas and able to express themselves. Every time I come away from those places, I cannot help feeling a great optimism that when I retire, whether by choice or because I am compulsorily retired by the electorate of Stafford, excellent MPs will follow me in Stafford who went to schools in that constituency.

I repeat the point made by my hon. Friend the Member for Doncaster, North (Edward Miliband) that that positive view of youngsters is so perverted in media reporting about young people that most of the public have a very poor view of youth of today. He gave the statistic that 70 per cent. of news reporting about youngsters is negative, with headlines about "Yobs" and so on. I heard the Children's Commissioner for England, Al Aynsley-Green, cite that in a lecture, in which he made an impassioned plea for the media to be fair in their reporting and give youngsters a chance. I hope that the media will listen to that plea from politicians and people such as Al Aynsley-Green.

I shall say a little about the support for young people to participate in democracy. Many hon. Members have mentioned the citizenship curriculum, which became compulsory in our secondary schools in September 2002, with its three main themes of social and moral responsibility, community involvement and political literacy.

In the previous Parliament, I was so excited by the opportunity presented by citizenship education that off my own bat, with no prompting from anyone, I devised a pack that I sent to every Member of the House of Commons and of the House of Lords. I did so because I felt that teachers throughout the country would be anxiously contacting their local politician to ask for their assistance in delivering citizenship teachin[illegible]

schools. I wanted MPs to know, when they were contacted, what that was all about and how they could respond positively. It was only a little pack—nothing very exciting—but it had basic information about the traps and pitfalls, the other sources of information available to them and how they could conduct themselves if they went into schools.

As a result of putting together that pack, I have taken a close interest in citizenship teaching and I am convinced that it is very variable, as has been said. That is understandable given that many of the teachers had no previous training in the subject and perhaps have no history of an interest in politics, for example. The time has come to review the effectiveness of the citizenship curriculum to see whether there are things that we need to do to make it more effective.

My other point in this connection relates to the role of Parliament as an institution aiding the teaching of the citizenship curriculum. As the hon. Member for North Southwark and Bermondsey (Simon Hughes) said, we have a brilliant parliamentary education unit. That unit is superb and does fantastic work. When I was on the Modernisation Committee in the previous Parliament, we interviewed members of the unit, who told us about the service that they provided and about sending information packs to schools. Quite a lot of the members of the Committee around the table did not know about that, and they all sent off requests to the unit the next day to get the packs for their local schools. There was a bit of a run on the unit's material as a result, but perhaps even today many MPs do not appreciate the work that it does. It not only provides and sends out material, but gets youngsters to come into this place, whether for the sort of debates that the hon. Member for North Southwark and Bermondsey mentioned or for other events.

I have sat in your place, Mr. O'Hara, and acted as Mr. Speaker during a debate among young people, and it is a very entertaining thing to do. The unit also arranges for tours of Parliament, showing a video, and a question and answer session with a leading politician—perhaps I should just say "a politician", because it is often me—or sometimes an Officer of the House. Those ways of introducing young people to the teaching of the citizenship curriculum through the institution of Parliament to develop political literacy are very important. However, it is obvious that not every youngster can get to Parliament to have that experience, so a link is missing.

The Modernisation Committee produced a report called "Connecting Parliament with the Public", its first report of the 2003–04 Session, in which it made recommendations about turning things round by taking Parliament to where young people are. I suggested a partnership with local government so that every youngster can go to their local town hall and access a virtual Parliament on their doorstep, with links to this place. We have television, videoconferencing and so on these days—I liked the earlier reference to iPods—and we could make the process much more accessible, so that every youngster in the country was able to have a direct experience of Parliament in their community. I am pleased to say that Parliament has given extra resources to the unit to employ outreach workers who are engaged in the process of making contact with schools and local authorities in order to make that happen. That is a welcome development.

I have missed out a lot of what I was going to say, but I have two more points. In addition to the unit, we have a website, which these days is an important means of communication, but it is not as good as it could be and work is still ongoing with the Parliament website to make it a resource for young people as well. That is coming along and we need to encourage it. Other organisations have been mentioned that can give assistance in this regard, such as the Citizenship Foundation, the Hansard Society and the Electoral Commission, with its "Democracy Cookbook", which is a marvellous document, although it is big and heavy.

My final point concerns the support youngsters should have from political parties. I ask the other hon. Members in the room to be honest. Are their local parties like mine in that they are uninteresting for young people? I have real difficulty in attracting young people to join my local party because we do not offer the right things. I have spoken to the Duke of Edinburgh award co-ordinator in my area and asked whether activities that young people can do as members of a political party count towards awards from the Duke of Edinburgh. In a guarded way, I was told, "Yes". I am trying to persuade my party to make a step change in the way in which we offer activities to young people to make ourselves more attractive to them.

At the national level, people are attracted to the issues raised by political parties, but they are also attracted to values. Sometimes we get autocratic in the way that we offer ourselves in what is called the middle ground of politics as being competent, by offering to do something similar to the other lot, but better. We forget to talk about our values. If we can offer people exciting visions about why we are in politics and what we want to achieve, we can attract people to follow in our footsteps. I very much hope that we can achieve that.

I came prepared to say a lot more, but I arrived late, which is my fault. I shall now stop so that the Front Bench spokesmen can have the time to which they are entitled.

4.54 pm

Justine Greening (Putney) (Con): I am pleased to contribute to the debate. Some really interesting and good ideas have come out of it concerning how we engage young people in democracy. It is a subject particularly close to my heart for lots of reasons. Like the hon. Member for Gateshead, East and Washington, West (Mrs. Hodgson), I very much believe in public service, and I think that everyone has something to say and a voice that needs to be heard. Whatever people think of politicians, that is a very important role. I never planned to become an MP, so when I was 21 or 22 I was getting on with what I thought was going to be a career, which would lead to who knows what. If someone had told me at that stage in my life that I would end up as a Member of Parliament, I would not have paid much attention to them.

Another reason why the debate is so important for me concerns my constituency. In Putney, Roehampton and Southfields, the average age of the voter is 34. We had a bit of theorising about how to engage young people in democracy, but it is an absolute necessity on a daily basis for me. If I did not, I would not be able to represent my constituents. I shall briefly give my views on the

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symptoms that we see of the malaise regarding young people's involvement in democracy, then dig beneath that a bit more to consider the underlying reasons, because symptoms can be misleading. I shall sum up by talking about how I hope those reasons might lead us to solutions.

What is the state of the nation in 2006 as far as youth democracy is concerned? The picture of political engagement of young voters and young people seems rather bleak. That is also true across the board, but, as the hon. Member for Doncaster, North (Edward Miliband) said, it is particularly acute for younger voters and those approaching voting age. The British social attitudes survey of 2004 said that young people have less interest in politics now than they did in 1994. Worryingly, a significant proportion of young people do not feel what might be called a civic duty to vote. The Electoral Commission did a survey on the general election of 2005, and when voters across the board were asked whether they felt that voting was a civic duty, 73 per cent. of 35 to 44-year-olds said yes, but only 56 per cent. of 18 to 24-year-olds agreed.

Non-voting since 1992 in the 18 to 24 group has increased. In 1992, only 24 per cent. of 18 to 24-year-olds claimed to be non-voters. By 2005, worryingly, that figure had risen to 55 per cent. Similarly, in 1992 only 13 per cent. of the generation above them of 25 to 34-year-olds said that they were non-voters. By 2005, that figure had risen to 47 per cent. That suggests that non-voting can become habit forming, as was mooted earlier.

That non-voting data backs up what we have heard about the lack of younger voters who took the opportunity to vote in last year's election. As has been said, just 37 per cent. of 18 to 24-year-olds and just 49 per cent. of 25 to 34-year-olds voted at that time. I am pleased that in Putney at least, we were able to engage voters from across the political spectrum because our turnout was about 61 per cent., although I would have loved it if it had been a lot higher. Even there, we can see that there is a long way to go before we get back up to the average voting levels of the 70 per cent. level we used to see in the 1980s and before.

There clearly is a problem, but although that information paints a bleak picture, it is only half the picture, and perhaps it is the bad half. The Russell commission supplies good facts about young people and their engagement in the political process and democracy. It found that 41 per cent. of young people are already involved in some form of volunteering work. I recently spoke at the UK Youth conference and met a lot of organisations there that work every day with tens of thousands of young people who are involved with their local communities. Some inspiring stories came out of that conference about how successful engaging young people can be at the local level.

The Power report pointed to the recent citizens audit of Britain, which said that 62 per cent. of people donate money to particular campaigning organisations of one form or another. As has been mentioned, we have seen that already: whether as part of the Countryside Alliance, the anti-war protests, Make Poverty History or Live 8, young people played a pivotal role. A disproportionate number of those in the crowds at Live 8, the Countryside Alliance, or Make Poverty History were young people. Clearly, as has been said, there seems to be a disconnect because young people are interested in issues.

It is interesting to me to reflect on my own experience. If anyone had asked me, when I was 21, whether I was interested in politics, I would have said no. If they had asked me whether I was interested in current affairs, I would have said yes absolutely. The challenge is to link the two together. Changing things around people can be done by a political route. The two are symbiotically related and do not have to be separate.

If those are the symptoms, we must move on and talk about why they exist. Young people are interested in the world around them and have broader horizons in terms of issues such as the Make Poverty History campaign and climate change than generations before them. At the same time, they do not make use of the political process to change things.

I have a hypothesis. We have talked about many great initiatives and I have no doubt that many of them have real value, but the debate is not just about quantity. The bigger challenge for all of us is quality in our democratic system. It is not about more democracy, but about having a better democracy that works for everyone and especially younger voters.

I shall give an analogy of an experience I had when I stayed in a hotel. I had a terrible weekend there because the service was appalling, the room was dirty and the TV did not work. When I got home I did something that I rarely do outside of being an MP: I wrote to the hotel chain and complained. What happened? I received a voucher for a free stay. That was exactly the wrong solution to my problem. I did not want to go there again because I had had a terrible experience. We must look at the experience that our young people have in engaging with the political process and democracy. If we understand what their experience is, perhaps we will see that they want quality and a process that really works and represents them rather than having just more processes.

The Power inquiry gave some incredibly valuable insight into the more general malaise of people and the democratic process. I shall go through the main points that it mentioned. It referred to people's engagement with, and alienation from, politicians. A MORI poll found that 75 per cent. of people agreed with the statement, "I do not trust politicians as a class." That is a huge barrier for all of us to get over.

Mr. Kidney: There is a lot of panic about that. When people are asked about politicians as a class, they put us down with journalists, estate agents and lawyers. When they are asked about their own MP, they put us up with teachers, doctors and police officers.

Justine Greening: The hon. Gentleman makes a good point. Perhaps the heart of people's frustration lies with party politics rather than individual good constituency MPs. I shall come to that. Party politics often switches people off more than any other thing.

The Power inquiry talked about engagement, or a lack of engagement with, and alienation from, politicians. What often comes across to me on the doorstep, particularly at the moment, while we are out

campaigning for the local elections, is a sense of Westminster being full of a political elite. People do not feel that politicians have any real understanding of the day-to-day lives of most people in the country, especially younger voters.

As a London MP with a young constituency, perhaps I am better placed than many MPs to stay outside the Westminster bubble because I can go home every night. On a personal level and also on a pragmatic level, I find it helpful to be able to escape from the bubble that the Westminster village can sometimes be.

The Power report said that there is a weak dialogue between politicians and people, and I agree. I shall mention the classic example of something in which I tried to get people in my constituency engaged. They did become engaged, but they came out of it with a worse impression of politics. I do not want to go into too much detail, but it involved the recent consultation on night flights at Heathrow. Thousands of people and councils representing 2.5 million residents wrote in during the consultation process to say that they were very concerned about night flights. Many of them said that they wanted no night flights. When I went to the Department for Transport and looked through all the submissions that could be shown to the public—more than 1,000—I found just three from people who had asked for more night flights. Yet during the second phase of consultation more night flights were proposed. It is an example—I am sure that similar examples could be found from Governments past and present—of people engaging in an issue and having their engagement thrown back in their face. Such experience, perhaps more than anything else, switches people off. We must ensure that when we have removed the barriers to voting and people take steps to vote or become involved in a local issue, they feel that they have at least been listened to or, even better, genuinely had their views taken on board and represented.

Finally, I shall not cherry-pick from the Power report, but will go through the points that it made. It talked about a quiet authoritarianism that people feel comes from the Westminster centre. The hon. Member for Stafford (Mr. Kidney) talked about the autocratic style and made a valid point. The more approachable MPs are here and in their constituencies, the better it is for breaking down those barriers.

To summarise the problems, there is a lack of trust between younger voters and politicians, which is partly born out of the political process, spin and the way in which politics has become more refined in the past decade. Spin has not been helpful in engaging young people in particular.

I come originally from Yorkshire and the north where people tell it like they see it. Young people are the same. They like to know what their politicians think. They like to see that their MP has recognised that there are always two sides to a debate and that they have come to a balanced view.

A lack of delivery is often behind the lack of trust, whether at local or national level. Younger voters and those coming up to voting age want to be able to see that if they bother to cast their vote it will make a difference to promises being kept at a later date. "Making a difference" is a common phrase throughout all the research and when talking to young people. It is about politics being relevant to them and being a mechanism by which they can really make a difference, not just to their own lives but to the broader community and world in which they live.

There is also a pragmatic issue with education. There is no doubt that many young people do not know who to vote for. Perhaps we are in a political cycle when political debates are increasingly on the centre ground. That is a pragmatic problem, and educators and political parties should perhaps work harder to set out where politicians stand on issues. It is genuinely an issue for all of us.

What is the solution? I have made my diagnosis, so what is the antidote? For me, it is most important that if there is to be a wholesale change we must improve the quality of our political process so that when people speak their voices are heard and make a difference. There is no doubt that relationships of trust are built up over time. The Power report and the Russell commission show that many young people in particular feel that a four-week election campaign is a cursory way of trying to get them engaged in issues. Clearly, we need to start much earlier with an ongoing discussion with younger voters to build their trust. Parliament needs to be more accessible and the Hansard Society has come up with a number of great suggestions of how to do that.

I do know where the parliamentary education unit is. I used to think that my office on the fifth floor of Norman Shaw North was the fringe of the parliamentary estate, because it seemed that nobody passed on the way to anywhere, but people do go past it on their way to the unit, which is on the sixth floor. I have a good working relationship with the unit and have been able to get some of my local colleges and schools to come and do trips. I am particularly pleased that the Paddock school, which is one of the special needs schools in Putney, will hopefully be able to bring some of its students to look around the House over the next couple of months.

Some particularly good points were made about remote access to Parliament. I grew up in Rotherham, and I do not think that I ever had the chance to come to Parliament until I lived in London. There is nothing like the sensory experience of going round an amazing building like the one in which we are all privileged enough to work every day and seeing the tradition to bring home what happens in this place. That is particularly important and we need to get over the barriers. Even if people are a few hundred miles away we somehow need to make Parliament just as accessible. Perhaps technology today gives us the opportunity to do that in a way that was just not possible when I was growing up.

I will not reprise all the arguments about schools, but we should strengthen citizenship classes. It was mentioned that we did not have them in the '80s, but voting in the '80s was vibrant. Perhaps one of the reasons for that was that the politics was more clear-cut and principle-based, so there were more arguments that people found accessible. They could take a clear stance on whether they were for capitalism or socialism, or for or against nuclear weapons. Politics in the '80s was black and white, in a way that meant that even younger voters could grab hold of the issues and talk about them. Growing up, I certainly had no problems understanding the "either/or" debates that we all had back then. Today

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the situation is more challenging, so helping people to understand the process and the issues through citizenship classes is valuable.

I thoroughly support groups such as the Youth Parliament and the British Youth Council. They play an incredibly valuable role and have gone from strength to strength. I read the manifesto in the previous election to the Youth Parliament, which was an incredibly balanced, well argued, articulate and impressive document. It covered a wide range of subjects and showed a depth of understanding that was a credit to the people who pulled it together. In my role as a spokesman on youth, I am looking forward to working more closely with the Youth Parliament.

We need to engage young people in the community far more. The Russell commission has focused on volunteering, which is absolutely the right direction in which to go. Our new leader, my right hon. Friend the Member for Witney (Mr. Cameron), has talked about a youth community action programme, which is about getting people to put something back into their community and in so doing linking them to it in a way that they perhaps did not think was possible. All those things must surely be good in making people feel part of their society and, as a result, making them want to vote to change the direction of that society.

We should also recognise achievement more. The Duke of Edinburgh awards have been mentioned, and I know that some of the charities and social enterprises that work with volunteering projects up and down the country give awards to children and younger people who are involved in volunteering. I should like those schemes to be developed more and formalised, so that perhaps more disadvantaged children who come out of education with few qualifications can still turn to their skills and say, "These are worth something too", and they would be absolutely right.

We need to move to a more a positive style of politics, so that we do not just throw stones at one another at every opportunity or complain about problems, but talk about solutions. That is what we tried to do in the general election campaign and for the three years before that in Putney. We talked about what we wanted, rather than about what we did not like. For more than any other section of our community, a positive debate is vital with young people. We can have all the initiatives we like, but if people switch on the TV and see a yah-boo politics, in which people throw stones at one another just because they are on the other side of the Chamber, many younger voters have every right to turn around to us and say, "Don't talk to us about being young voters. When are you lot going to grow up?" Those are our challenges.

The hon. Member for Tooting (Mr. Khan) talked about Wandsworth and its youth policy. I will forward him the well developed draft of the youth strategy that I have seen—I wanted to find out what my council was doing, so I called it. I am sure that he will be suitably impressed with that detail as it is developed.

Finally, at its heart, democracy is about giving people an informed choice, so that when they vote they know what will change, how it will change and when it will change. Too often, politics in Britain boils down to what I would call Politics, with capital "P". It is almost game playing—something that we all switch on when we get home, in the same way as we switch on "Match of the Day" and watch, say, Chelsea play Portsmouth. The challenge to us all is never to forget that politics is about the people out there. If we always keep people in the forefront of our mind and focus on who they are and what their concerns are, we will do much better.

We will do our bit on the Conservative side of the House to set out what we have to offer people and what our agenda is, which we hope will reflect theirs at the next election, so that if nothing else, they will know what voting for us means. If the other parties do that as well, we will make a huge step forward, with younger people feeling that they know what voting means and what it can deliver. With those two things in prospect, I hope that we will see voting rise for the right reasons. I therefore welcome the debate and am grateful for hon. Members' patience in listening to me set out the Opposition's case.

5.17 pm

Bridget Prentice: With the leave of the House, I shall be brief, as I spoke at some length earlier.

I thank all hon. Members who participated in the debate. I know that we always say at the end of debates, "This was a very good debate", but this was an excellent opportunity to hear the different ideas and initiatives. So much so, in fact, that I got quite excited in the middle of it and thought, "Look, all these people all think the same things. This is relatively straightforward and we ought to have no problem at all in achieving some of the aims that have been described."

Sadly, of course, things are not always as simple as that. The merry band in here this afternoon have come because they feel passionately about engaging young people in our political system. Therefore, we all have a job of work to do in going out and getting that message across elsewhere. The hon. Member for Mid-Dorset and North Poole (Annette Brooke) raised that issue right at the beginning, when she talked about directness and going to young people. I agree with her wholeheartedly that we should do that. The Hansard Society has rightly been mentioned a number of times in a very positive fashion. It has an excellent pack to help MPs going into schools on the kind of things that we should be saying and doing to engage with young people.

I should also make it clear fairly early on in my summing-up that the Government are neutral on voting at 16, but we are keeping the issue under active consideration. Nevertheless, the Chamber now knows my personal views on the subject. I should probably say no more about it, except that I found it interesting that when people were analysing the reasons for and against voting at 16, and whether it would mean people becoming MPs at 16 or would just be a gesture, they had a much more sensible approach to the subject. Just because one is able to vote, it does not mean that one will automatically take on the role of being a candidate. It is not as scary a proposition as some have found it in the past.

My hon. Friend the Member for Hastings and Rye (Michael Jabez Foster) made several good points. Much as I would like Lewisham council to be held up as a beacon for the many things that it does to engage young

people, it is heartening to know that similar activities are taking place elsewhere in the country. He made an important point about the Youth Parliament, which has been highly praised throughout the debate. I think that the Modernisation Committee suggested that the Youth Parliament should be allowed to use the main Chamber, but that was not taken up by the House of Commons Commission. All I can say on that to him and others who agreed that it would be a good idea is that I shall take it up, through the Department, to see if we can make something like that happen. [HON. MEMBERS: "Hear, hear."]

As we are short of time, I shall pick up on only a few of the points made by hon. Members in their full and detailed contributions. Frankly, given what is happening elsewhere in the House today, few people are around, and I was afraid that there might be only me and perhaps one other person in the debate. The turnout shows that Members on both sides of the House take the debate seriously and recognise what issues are involved.

In response to the hon. Members for North Southwark and Bermondsey (Simon Hughes) and for East Dunbartonshire (Jo Swinson), I assure the House that we are making registration easier under the Electoral Administration Bill, because people will have a bit longer to register to vote after an election has been called. We are also giving returning officers the power to put more information on polling cards. I certainly remember seeing polling cards with maps on the back. That is one way of informing people where their polling stations are, and I understand that many authorities do that. We are also piloting mobile voting. I will dare to mention Lewisham again, and tell hon. Members that we are having voting in supermarkets and early voting. Elsewhere in the country, voting in town centres is being piloted.

My hon. Friend the Member for Doncaster, North (Edward Miliband) made an interesting point about young people and services. It made me think that the Chancellor's announcement yesterday about the very welcome money for young people and sport in the run-up to the Olympics is another opportunity to engage young people in the things on which they are keen to engage. Winning the 2012 Olympics for London was a big political operation, and we now have an opportunity to join those elements together and show young people that some of the things that they are actively involved in have a big political impact.

My hon. Friend the Member for Gateshead, East and Washington, West (Mrs. Hodgson) made several excellent points. I understand entirely what she means when she talks about going into schools and thinking, "I can get through half a dozen in a day", but finding that one cannot. Once we engage with young people and discuss issues that affect them, we want to stay with that group for as long as possible, and time moves on. She also talked about people voting at 16 in Austria. I understand that they can do so in local elections in some cities and states. There is a dual voting system whereby 16-year-olds can vote in local elections in some areas.

I very much agree with what my hon. Friend the Member for Stafford (Mr. Kidney) said about the citizenship curriculum. We are encouraging teachers to make use of experts from elsewhere to add to and expand on the information that teachers give on that.

In her contribution on behalf of the official Opposition, the hon. Member for Putney (Justine Greening) talked about the number of young people who are involved in volunteering. She is quite right: a huge proportion of our young people are involved. In his Budget speech yesterday, the Chancellor talked about more funding being available for that. Her point reminded me that a number of young people are involved in caring, and some very young people are involved in serious and quite onerous caring for adults who live in their households.

We should remember that the services for young people which my hon. Friend the Member for Gateshead, East and Washington, West talked about go way beyond the fact that they might want a youth club. They have to deal with serious issues and take on responsibilities. We should not underestimate the ability of young people to behave in an adult and responsible fashion. We should be a bit more confident about what many of our teenagers can achieve.

My hon. Friend also talked about perception, which is largely down to the negative media response to politicians in general. As was said earlier, when individuals meet their MPs, they often do not have such a negative view of them, so there is an onus to get out and about as much as possible to undermine the negative perception that can come across through the way we are described in the media.

I very much agree with what my hon. Friend said about engagement and trust. We have all had a constituent who fundamentally disagrees with our point of view write to us about a particular subject. That is life. Politics would be really boring if we all agreed on everything. Sometimes, we have to say to such constituents, "These are my arguments, and this is why I think this. I am sorry, but we will just have to agree to disagree." More often than not, the constituent will write back and say thank you. They much prefer to hear a robust argument than a bland, "Well, I'd like to think about it", and an attempt to assuage their opinion, especially when we know in our heart of hearts that we disagree with them. We should continue to show that kind of honesty, engagement and communication to constituents of any age.

I want also to put on record my thanks to the parliamentary education unit, which a number of hon. Members mentioned. It is a fantastically well run organisation that engages young people in Parliament on the few occasions when they come into this fantastic building. I still get a little leap of joy and inspiration just walking into it. During the recess, when the unit takes a large number of young people into the building, I enjoy coming in and chatting with them about what being an MP is all about.

Finally, I want to reiterate the importance of democratic engagement in this country. I also want to say that I feel uplifted by the debate. I would like to use what has been said, and also to engage with hon. Members who participated and those who were unable to come along, to feed in all the ideas, initiatives and things that are going on up and down the country and to see whether we can put together a coherent programme of work, so that we can share the good ideas.

It being half-past Five o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Tuesday 28 March 2006

[MISS ANNE BEGG *in the Chair*]

Rail Services

Motion made, and Question proposed, That the sitting be now adjourned.—*[Derek Twigg.]*

9.30 am

Adam Afriyie (Windsor) (Con): I am pleased to open a debate on a subject that affects millions of commuters throughout the country. The future of our rail services is vital not only to my constituents but to the constituents of many hon. Members. The train is the great connector. It connects workers to their offices, children to their schools and families to each other. After placing the railways in an historical context, I shall raise several matters of concern for my constituents, and conclude by asking the Minister some direct questions.

The world's first public railway was built in Britain on 23 May 1823. It was the Stockton and Darlington railway, and it received Royal Assent in that year. With railways came the promise of economic prosperity and the realisation that people could transport themselves to where jobs were without having to relocate. Trains supported the industrial revolution, transporting coal, manufactured goods and working people the length and breadth of Britain in record time. Naturally, safety became an important concern, especially when a Member of Parliament for Liverpool was fatally injured by Stephenson's Rocket, the first steam locomotive, in 1832.

In the 1960s, the future of rail came into sharp focus with Dr. Beeching's drastic programme of reforms, which closed many lines and hundreds of stations.

David Taylor (North-West Leicestershire) (Lab/Co-op): Those reforms closed 5,000 miles of track and 2,000 stations in this very month—two years before the hon. Member for Windsor (Adam Afriyie) was born. The only passenger rail service in North-West Leicestershire—Swannington and Leicester, which also carried coal to that city and was the third line after Stockton and Darlington and Liverpool and Manchester—was lost as part of the Beeching cuts. Does the hon. Gentleman agree that the lesson for the Minister from that period is that we have been fighting for the restoration of passenger services almost ever since, and that once lost, it is enormously difficult to restore such desperately needed services?

Adam Afriyie: The hon. Gentleman makes a precise and good point. If people choose to change their behaviour, perhaps by taking a job elsewhere or by organising their lives differently, once they have done so, it is difficult to reopen lines because by the time closure is reconsidered, the demand has vanished.

More recently, transport and the railways were placed at the heart of new Labour policy, when in 1997 the Deputy Prime Minister announced that he would have failed in five years' time if

"there are not . . . far fewer journeys made by car".

If that were not enough, he went on to say:

"It is a tall order, but I urge you to hold me to it."

The reality is far from the fantastical ideal envisaged by the Government.

I quote again, this time some passengers, who said:

"at the station, all the people were talking at once; they were telling the fat director what a bad railway it was".

Of course, I quote from "Thomas the Tank Engine", a seminal work by the Rev. W. Awdry. Hon. Members and users of the railway services recognise that the Government's railway ambitions were more like a children's story, given the reality of rail today. The Government have a strange logic when it comes to rail services. On the one hand, they demand that we give up our cars; on the other hand, in the Windsor and Thames Valley region in particular, they make it difficult for us to take the train.

I shall move on to matters of concern to Windsor constituents. I have a letter written in August 2005 by Vivien of College crescent. She says:

"I started work in London in February 2005 based on the fact that I could make my journey, door-to-door, in a journey time of approximately 75 minutes . . . I've paid £810 to park at Slough station."

Commuters from Windsor need to get to Slough first in order to get to Paddington and central London. Her letter continues:

"This allows me to catch the fast trains to London Paddington and provides the shortest journey time."

She points out that before December 2004, the journey time was 30 minutes on average, and that now, based on the new timetabling arrangements, it will be approximately 39 minutes. She concludes:

"Additionally, I will certainly no longer feel that the current season ticket and the parking prices are acceptable to receive a slow stopping service into and from London."

The point is clear. A small increase in journey times from areas such as Windsor, which are closer to London, will have a big impact on how commuters choose to travel. People have a choice. They can drive their car, take the train or make some other arrangements. If one's journey time is 45 minutes door to door using the train and 55 minutes using the car, even a five or 10-minute delay to the train or a change in scheduling will almost certainly result in someone driving to work.

I have another letter, which is from the Windsor and Slough Passenger Association. Its members are representative of the hundreds of commuters throughout Windsor, and they raise several concerns. Overcrowding often means that commuters, many of whom may have health issues, are forced to stand for their entire journey. Even at my age I find it hard to stand for more than 30 or 45 minutes without some inconvenience. The Minister knows the train services we are talking about.

A lack of ventilation and air conditioning means that passengers travel in conditions that are often worse than those for cattle going to market. In addition, working ticket machines are scarce, and ticket office opening hours are erratic to say the least. As if that were not bad enough, security at stations is often poor, with

[Adam Afriyie]

inadequate staffing, and the elderly and the young often feel threatened either late at night or during less busy times of the day.

The Windsor and Slough Passenger Association made the effort to respond to the Strategic Rail Authority's consultation on rail franchises. In the association's response, it pointed out that the journey time from Windsor to Paddington was approximately 30 minutes before 2004, whereas after the implementation of the new franchise and its new timetabling and schedules, the journey times will increase to 39 minutes. It says:

"This demonstrates a 30 per cent. deterioration overall and is evidence of a continual process of deceleration."

That is not exactly a ringing endorsement.

Sadly, although services have deteriorated by 30 per cent., passengers have not seen an equivalent decrease in fares. When taken together, all those factors erect sizable barriers to choosing to use the train.

In conclusion, I have four direct questions for the Minister. First, does he acknowledge that a small increase in journey time for commuters closer to London will encourage them to use their cars? Secondly, how does he intend to supply enough parking spaces close to stations? Thirdly, what steps is he taking to improve the security of stations? Fourthly, is he confident that the Government will deliver on their promise to move millions of people from their cars to the railways? I am not so sure.

9.38 am

Mrs. Theresa May (Maidenhead) (Con): It is a pleasure to attend an Adjournment debate under your chairmanship, Miss Begg. It is the first time that I have done so. I congratulate my hon. Friend the Member for Windsor (Adam Afriyie) on securing the debate, which is a matter of considerable concern to my constituents, who predominantly use Maidenhead and Twyford stations, and also use the branch line stations of Wargrave, Furze Platt and Cookham.

I also congratulate the Minister. I attended an Adjournment debate last week in which no Labour Back Benchers were present—there was only the Minister. At least this Minister has a Labour Back Bencher present, although whether he will take as a positive the presence of the hon. Member for North-West Leicestershire (David Taylor) is an entirely different matter.

David Taylor: I can reassure the Minister. He knows of my admiration for him, and he has an outstanding invitation to visit the route of the national forest line, where we are trying to restore passenger rail services. It was created by George Stephenson, to whom the hon. Member for Windsor referred.

Mrs. May: I think that the Minister has received invitations from some of my constituents to go and wait on Maidenhead or Twyford station for the 7.27, to understand the impact that cutting that service will have.

In his intervention on my hon. Friend the Member for Windsor, the hon. Member for North-West Leicestershire made the point that once services were cut, it was very difficult to restore them, which is indeed the case. The sad fact for my constituents is that when Thames Trains was given the franchise for the local services, it increased the number of services and improved the services available to my constituents, but since the decision was taken to merge the franchise between Thames Trains and First Great Western, services have been cut year on year.

I have a sense of déjà vu about the debate, because I have been fighting cuts in services since December 2003, when it was first suggested that the timetable should be changed and there should be cuts as a result of the merged franchise. To that extent, I feel sorry for the Minister, because he has been saddled with the impact of the decision to merge the franchise, which was taken by the Government and by Richard Bowker when he was chairman of the Strategic Rail Authority.

I want to talk about issues that relate specifically to services for my constituency and I shall start with the timetable. We fought long and hard for a restoration of good fast services to Paddington from Maidenhead and Twyford, and my constituents were very pleased when changes were made to two services. The situation is a little complicated because both services leave at 7.27, although they go from two different stations. One train is the 7.27 from Twyford; the other is the 7.27 from Maidenhead. Extra carriages were put on the 7.27 from Twyford to accommodate the large numbers of people wanting to use that service, and a similar thing happened with the service from Maidenhead. That was a real victory for local passengers and commuters, whose voices were heard.

What will happen under the new timetable in December 2006? Those two trains, which are already overcrowded, will be scrapped and replaced by a single train. That means fewer spaces on the train for my constituents, and the service will be going later, which will cause my constituents considerable problems. Many of them will not get into Paddington early enough.

One problem that we have with the approach taken by First Great Western and the Department for Transport on the timetable is the failure to understand two things. First, as my hon. Friend the Member for Windsor said, for people commuting from stations close to London, the time that the journey takes is crucial. On a good day, it takes someone who lives in Maidenhead about 45 minutes to drive to London in their car. If a train service is available that takes 20 or 25 minutes, they get on the train. If they are now told that their train service will take 35, 40 or 45 minutes, it is a toss-up, but they will probably get in the car, because the train is so overcrowded that it is unpleasant. The Department needs to understand the crucial importance of journey time for local commuters.

Secondly, the Department needs to recognise the importance that the services have for local people in enabling the economy of the Thames valley to thrive by allowing easy access into London. Obviously, many of my constituents boost the London economy by coming into London to work. Setting aside for a moment the impact on people's lives, which is crucial, cuts in services will also have a major impact on local businesses.

My constituents are, rightly, up in arms about the proposals. They are not quite sure whether to blame First Great Western or the Department for Transport.

First Great Western tells me clearly that the Department for Transport is responsible. However, the message that I am now getting from the Department for Transport is that perhaps the situation is not quite as easy as that and there are some issues to do with First Great Western. Frankly, for my constituents, in a sense it does not matter who is at fault. There is a problem that needs to be fixed. The ultimate decision lies with the Government, so my constituents will ultimately say that the Government have to fix the problem.

Adam Afriyie: The problems do not exist only in our neck of the woods, in the Thames valley region; they stretch much further. I have been in correspondence with my hon. Friend the Member for Wantage (Mr. Vaizey), who is sadly away on military training today and cannot participate in the debate. He points out that commuters living in Didcot face the loss of the 5.46 and 6.12 morning services and of the 5 and 5.18 evening services. They are at 80 per cent. of capacity, and the station is one of the 10 busiest stations on the First Great Western line, so my hon. Friend has similar concerns. People in other places are having to make similar judgments to those that have been described, so the problems that we are considering are widespread throughout the country.

Mrs. May: I thank my hon. Friend for his intervention; he is absolutely right. Many of our hon. Friends cannot attend this Adjournment debate, but they are also affected by what we are discussing. My hon. Friend the Member for Newbury (Mr. Benyon) presented a petition at the same time as I did in the House of Commons with the signatures of more than 900 of his constituents, who were concerned about cuts to local services. The petition that I presented contained more than 1,700 signatures, and we have now had well over 2,000 signatures from people who are against the proposed cuts. Similarly, my hon. Friend the Member for Henley (Mr. Johnson) has concerns about his local services being damaged, and my hon. Friend the Member for Beaconsfield (Mr. Grieve) is concerned about the branch line through to Bourne End.

We are talking about damaging changes to the timetable, which will have a significant impact on people throughout the country. I say to the Minister that for those of us with constituencies from which people commute to London and to which people commute from London to work, as is the case in Maidenhead, the Government need to take into account the time that that journey takes and the frequency of the service.

The Government also need to recognise that working life is no longer nine-to-five. My constituents do not aim to be in the office by 9 am; many of them, particularly those who commute to the City of London, have to be in the office by 8 or 8.30 am. Should Crossrail ever arrive, it may improve things, but in its absence, commuters have tube journeys to make after they get to Paddington. They do not leave the office at 5 pm; many leave at 6, 6.30 or 7 pm, or even later. The timetable needs to reflect the fact that working life today is not nine-to-five. Sadly, neither the Department nor First Great Western seems to have understood that.

The time that journeys take is crucial. Fast services at peak times to Paddington from both Maidenhead and Twyford and from Paddington to Maidenhead and Twyford need to be reinstated in the timetable to accommodate the needs of my constituents.

Adam Afriyie: It strikes me that for people who live in the parts of the Thames valley region that are closer to London, five or 10 minutes one way or another make an enormous difference to their choice of travel. If, for example, someone has to consider child care, a 10-minute difference in arrival back home makes a huge difference to their life. However, someone who has a two-hour or two-and-a-half-hour journey into London is less likely to be susceptible to a small change in the timetable of five or 10 minutes. It would therefore make much more sense to have fast trains stopping perhaps in just two or three locations to pick up more local commuters to London.

Mrs. May: My hon. Friend is absolutely right and I am grateful to him, because he brings me to the next point that I wanted to discuss. There is a fundamental misunderstanding by those who are taking the decisions in the Department and at Network Rail—which I also consider has some responsibility in this regard—in that they are focusing on trying to improve the reliability and journey time of long-distance services, even though it is commuters on local services who are most affected by a change in journey time, who most care about that length of time and who are most likely to get out of the train and into their cars if their journey time is lengthened.

The crucial thing for my constituents is fast and semi-fast services at peak times. If we are to reinstate the decent services that we used to have with Thames Trains, the local services need to be allowed to go on the main fast line. The one thing that has caused most problems for my constituents and others is that, now, most of our services have to go on the slow line. That does not mean only that they take longer; they are often held up by slow, stopping trains. The Government's emphasis on long-distance services only is misplaced, partly because that contradicts other Government policies to try to get people out of their cars and on to public transport. That is the first key issue.

The second issue relates to branch lines. We fought long and hard to ensure that the Henley branch line and the Marlow-Bourne End branch line were not included as community railways. I believe that if that were to happen, the services would deteriorate. They are part of the mainline service. They are commuter services. The Henley branch line runs from Twyford, Wargrave, Shiplake and Henley, but under the new timetable, for no accountable reason, a number of trains will run from Twyford to Henley without stopping at Wargrave and Shiplake. When I challenged First Great Western about that, its response was that the Department had asked it to run some trains on the branch line but did not say that they had to stop at the stations. For goodness sake, what is the purpose of running trains on a branch line if they do not stop at the stations to allow passengers to get on and off? Will the Minister consider the specific issue of stops at Wargrave and Shiplake stations? If the trains do not stop there, people will get in their cars to drive to the nearest station to access trains.

[Mrs. May]

It was interesting to see the table in the *Evening Standard* and other newspapers recently showing the most overcrowded trains on the rail network throughout the country. The 18.06 from Paddington to Maidenhead and Twyford was the sixth most overcrowded train in the country, despite the fact that the Government keep telling us they do not have any measurements for overcrowding and that no safety limits are set for the number of passengers allowed on trains, and that First Great Western keeps saying, "No, no, no, we do not want overcrowding; we are doing everything we can to stop it." That is just one example. I have already mentioned the morning trains and how overcrowded they are. There are safety issues and the new timetable will exacerbate those safety issues by merging trains. Hundreds of people get on the early morning trains at Maidenhead and Twyford. In future, those hundreds of people will get on one train instead of two at around 7.27. There will be real safety issues.

The key issue is that people's lives will be severely damaged as a result of the proposals. I already know of people who have had to change jobs because of the timetable. Henley further education college had to change its timetable for lectures to enable people to get there on time. The last timetable changes had an impact on the ability of my constituents to get to Henley on time. That FE college had to change its entire morning timetable to accommodate a change in the branch line timetable. Heaven alone knows what will happen if trains on the branch line do not stop at the stations en route to Henley.

People have had to change their jobs and the FE college has had to change its timetable. People have been getting off the trains and into their cars because there are so many problems with the timetable. Businesses have come to my constituency because it is a good place to locate and has good transport connections, particularly to Paddington. I fear that if those connections go, the economy of my constituency will be affected. I urge the Minister to listen to those thousands of people who are telling him that the new timetable will cause a significant problem in their lives. They are fed up with the cuts in services during the past few years under this Government. We need those fast and semi-fast services and we need reinstatement of the sort of timetable that we had until recently and preferably the sort of timetable that we had under Thames Trains. We need our trains back on the main line. If a service is provided more people, not fewer, will use public transport. I urge the Minister to listen to the thousands of commuters whose voices are raised against him.

9.53 am

Dr. Andrew Murrison (Westbury) (Con): It is great pleasure to take part in this debate this morning and I congratulate my hon. Friend the Member for Windsor (Adam Afriyie) on securing it.

On 15 March, I met the Minister with a number of my constituents to discuss primarily the Bristol to Waterloo line and I am grateful for the way in which he conducted that meeting and for his thoughtfulness on what was said.

I suppose that we are about half way through the 10-year transport plan and it is appropriate for us to ask whether that has been successful in the context of rail travel. The answer is a resounding no. That is a tragedy for our constituents, particularly people in places such as the one I represent who rely heavily on transport of one sort or another and would prefer to rely on public transport, particularly trains, but find increasingly that that is difficult.

David Taylor: The hon. Gentleman referred to the preference of many people for public transport. Ten years on, is he still attracted to the privatisation that his party pushed through—he was not in this place at the time—or, with the daily, weekly and monthly evidence, is he now as attracted to the idea of a publicly owned, publicly run national rail network as I and many Labour Back Benchers are?

Dr. Murrison: I think I am grateful to the hon. Gentleman for that intervention. He makes a point that he knows full well I do not agree with. If I were to point to a success in public transport during the past few years since privatisation, I would say that volume of freight and people carried has increased. I would also point to the investment in public transport, particularly the railways. It is difficult to conceive how that increased volume might have been achieved given the economic circumstances prevailing at the time without the increased investment.

In retrospect, we can all look for improvements in the way in which things might have been done and only an extremely foolish politician would stand here and say that everything went swimmingly.

Mrs. May: As my hon. Friend is looking for examples of what happened under privatisation and the advantages following it, he might like to think about the changes at stations in the Thames valley. When Thames Trains took over the franchise, it provided improved services for my commuters at no cost to the Government because it did not require a subsidy. Under this Government, services have been cut during the past few years.

Dr. Murrison: My right hon. Friend makes an extremely good point, which illustrates the point I was trying to make in response to the intervention from the hon. Member for North-West Leicestershire (David Taylor).

My principal concerns are about my rural services. There have been cuts on First Great Western's Cardiff to Portsmouth line. I received a letter this morning from a constituent in the village of Dilton Marsh who is concerned about the effect of the new timetable on that community. There have been cuts to the mainline Paddington service which affect the town of Westbury and there is a proposal that the direct service from Bristol to London Waterloo, which stops at towns in west Wiltshire, should be removed. I know that the Minister is considering the invitation to tender. I have not yet heard his decision, but I hope that he has relied on the new figures that have been provided for him by the west Wiltshire rail users group. They seem to conflict starkly with those produced by his Department. He will recall that during our meeting we cast some doubt on the

methodology used by the Department for Transport when compiling those figures. There were software problems and a number of other issues.

Essentially, the west Wiltshire rail users group believes that the authorities have grossly underestimated passenger usage. I can tell the Minister that, from my personal observation, the figures on which his Department is relying are well wide of the mark. I hope that when making his determination he pays proper attention to the new data that have been gathered.

Although my hon. Friend the Member for Windsor and my right hon. Friend the Member for Maidenhead (Mrs. May) believe that timetable changes particularly affect those who live close to London and commute, we must appreciate that connectivity is an important part of people's decisions to travel by train or use the convenience of their own car. I am not sure that the Minister has yet considered the importance of direct services, albeit stopping services, which the Bristol to London Waterloo service necessarily is because it stops at towns in west Wiltshire. It is important psychologically that people can latch on to a direct service that will take them all the way from their town in west Wiltshire to London Waterloo. That is important to them and if they have to change at Salisbury they will think twice, especially as that connection is sometimes unreliable. They will either not travel or they will take their car, with the obvious impact on road congestion.

I am concerned about a suggestion in the *Evening Standard* on 16 January that the Government were reducing services on rural lines to provide scope for investment on overcrowded services in the south-east. I am not sure about the veracity of that report. Generally speaking, I rely on what I read in the *Evening Standard*, but it would be useful to know what assessment the Minister made of that report and whether there was any truth in it, as it would be a great shame were that to happen.

We know very well that the Department controls, in fairly minute detail, what happens on our train services. The hon. Member for North-West Leicestershire railed against privatisation. We must appreciate that the level of control that this Government have over the railways is extraordinary. Therefore, I suspect that to some extent his concerns about privatisation and the rustication of control of public transport have been assuaged somewhat by the Government's recent attempts to command and control the rail network. That being the case, the Minister must accept responsibility for what happens.

David Taylor: I was not necessarily railing against privatisation. I was trying to avoid the Government's being sidetracked into rural closures.

Dr. Murrison: I am sorry, but I did not catch the hon. Gentleman's last point. I assume that it was a statement rather than something to which he wanted me to respond. I thought that he was railing against privatisation, so I am glad that he corrected the record.

My point is that we must recognise that Ministers control the rail network to an enormous extent and therefore must take responsibility. In making decisions—some of which will be popular and some of which will not—about invitations to tender and new franchises, I hope that the Minister will not try to foist responsibility on to train operating companies. The TOCs will say that the Department is to blame, and the Department has a tendency to say that it is all up to the TOCs to make decisions as to whether they can run a service commercially and so on, but given the extraordinary level of control that Ministers now have over everything that happens on the railway, that is disingenuous. My constituents will look to the Minister, not the TOC, to make a favourable decision on our service to London Waterloo.

That is all that I wanted to say. Again, I thank the Minister for his courtesy in the meeting that we had a few days ago. I hope very much that he will pay close attention to the passenger data that the West Wiltshire rail users group presented to him at that time, and, in so doing, make the right decision for rail services in west Wiltshire.

10.3 am

Tony Baldry (Banbury) (Con): My hon. Friend the Member for Windsor (Adam Afriyie) has done the Chamber a service in initiating this debate on community rail, which is what I shall focus on this morning. I wish to direct the attention of the Chamber and the Minister to the future.

I do not believe that there will be any significant new road building in counties such as Oxfordshire in the next 10 to 20 years. There will not be any widening of the M40 motorway, although there may be some marginal improvements to the A34, which is the road from Oxford to Newbury. The county's road network will probably be the same in 10 or 20 years as it is now.

However, Oxfordshire is a fast-growing county. Banbury and Bicester, the two main towns in my constituency, are growing at an exponential rate. I suspect that Bicester is one of the fastest growing towns in the country. Planning permission was granted only last week for new housing estates in Banbury, and new estates have been proposed for Bicester. Oxford is now set to grow as well. That simply means more and more cars on the roads, and, given that there will be little extra road capacity, more and more congestion.

On Friday, it took me an hour to drive from Banbury to the county hall in Oxford—an hour there and an hour back—and that was not during the rush hour but in the middle of the day. As our roads get more and more congested, travelling time will increase. Yet within that equation, the local railways are under-utilised and undervalued. The two lines, one from Oxford to Banbury and one from Oxford to Bicester, have, in a sense, become branch lines. There used to be a line from Oxford to Stratford-upon-Avon, but the Government in their wisdom moved that franchise to Chiltern Railways. That was excellent news for that company, which has done an excellent job on the whole of its franchise from Marylebone to Birmingham, but it now means, in effect, that the only trains from Oxford to Banbury run between Oxford and Banbury—*[Interruption.]*

Miss Anne Begg (in the Chair): The building has to be evacuated because of the fire alarm. Members of the public, would you follow the security staff? I suspend the sitting, which will resume as soon as people are able to reassemble here.

10.6 am

Sitting suspended.

10.26 am

On resuming—

Tony Baldry: I understand that we get no injury time, Miss Begg, so I shall be as brief as I can. I hope that Front-Bench Members will not mind if I eat slightly into their time. Clearly, the Front-Bench Liberal spokesman lost the will to live in my speech; he has not yet managed to return.

I was talking about community rail. In Oxfordshire, the roads are becoming more and more congested, and there is an opportunity for rail to take people from Banbury and Bicester to Oxford for study. Many people go to Oxford for the college of further education, and many go for shopping, leisure, recreation and work. With the current system, community rail services get completely lost in the franchise that has been given to First Great Western. I make no particular criticism of First Great Western, but it is really a long-distance train operator. Its skill is operating trains from Exeter and Bristol to London. I do not say that it is not interested in community rail, but it sees it as a contractual obligation to the Government. It is not desperately concerned about the long-term transport needs of counties such as Oxford.

The system is not integrated. The county council looks at roads and bus services. It is able statutorily to subsidise loss-making bus services and to consult with people, but it has no involvement with rail services. At a local community level, we do not have an integrated community transport strategy, because rail is left in limbo.

What First Great Western and other train operators do depends largely on the contractual obligations placed on them by the Government. There are huge demands on the Government's rail budget for subsidies, so they are not particularly interested in subsidising loss-making and community lines in counties such as Oxfordshire. Therefore, there is spiralling decline. The Government say, "The Oxford to Bicester railway line needs only a few services each day, so that is all we will provide money for,"; First Great Western says, "We are not going to run any services for which there is no subsidy" and the service goes further into decline. Commuters and other passengers from Bicester to Oxford then find the service less and less reliable, and find other ways of travelling from Bicester to Oxford—often by bus or coach. Although buses and coaches carry large numbers of people, journey times are often much longer than on trains because of road congestion going into Oxford.

The Government think that they have got around the problem by introducing community rail partnerships. I can see that they might be of value in areas with a high number of tourists, where a branch line might be on the verge of closing and the Government, working with community groups and the tourism industry, might manage to preserve it, but that is not the situation in Oxfordshire.

I agree with my right hon. Friend the Member for Maidenhead (Mrs. May) that community rail partnerships have been for many the beginning of the end. It is not community rail partnerships that we require, but an integrated transport strategy for counties such as Oxfordshire that looks at the next 10 to 20 years and asks where rail fits in. Rail will not fit in if we have, as we do at the moment, an ever-declining service on the rail lines from Oxford to Banbury and Oxford to Bicester.

The hon. Member for North-West Leicestershire (David Taylor) and my hon. Friend the Member for Windsor mentioned the Beeching cuts. I suspect that, if what we know now had been known in the mid-1950s, many of the lines cut during the Beeching period would not have been cut. Many of those could have provided good rail services today. My concern is that, if we do not focus on the potential for the use of rail in areas where the roads will become increasingly congested, by the time that we wake up and recognise the value of the railways as a means of getting people around not only long distances but locally from one town to another, they will have become run down to such an extent that they will not be revivable.

I have a couple of requests for the Minister. Can he and his officials have another look at community rail? They should not just say, "Okay, we will shove off that bit that is too difficult on to community rail partnerships." Instead, they should ask how, in counties such as Oxfordshire—my hon. Friend the Member for Westbury (Dr. Murrison) makes the same point about Wiltshire—we can ensure that rail services help people with journeys of often no more than 20 or 30 miles to the nearest university city, major town or connecting town. How can we do that and how can we integrate the system more with county councils?

Subsidies are clearly an issue. I asked the same question in the House. There is considerable subsidy in the rail network, but my constituents are no less worthy of rail subsidy to go to work, study or school than long-distance commuters who come from Exeter or Bristol to London. There has to be some transparency about the subsidies given out on the railways.

Can we please find ways in which to work out how to optimise the opportunities that rail transport and the railway network offer us? Otherwise, I can see that each year First Great Western will apologetically come and talk to the Cherwell rail users group and others and say, "We are terribly sorry. This is the requirement that has been placed on us by the Government. We are fulfilling that contract but we have to meet other obligations and we have that difficulty."

My other point is by way of parenthesis but it follows on from what my right hon. Friend the Member for Maidenhead and my hon. Friend the Member for Windsor said. A number of commuters use the local services as connecting services via Oxford to London. There is a broad difficulty. To everyone in areas such as Oxfordshire and the Thames valley, its seems that First Great Western has either taken the decision or been told by the Government that the stretch of rail from Reading

to Paddington must be as high speed as possible to enable long-distance trains to get through more quickly. The irony is that many local services are being held back. Not only are the number of trains from Islip, Tackley and Heyford fewer during the day, but the time of running is considerably longer, as is the time that those people have to wait for connections at Oxford. That is simply because of how the stretch of line between Reading and Paddington is used.

That must be considered, otherwise the irony will be that those living nearer to London will find their services becoming more and more disrupted. Apart from anything else, I cannot see that that makes good economic sense for First Great Western. All that will happen is that those nearer to London will take other options, not least getting in their cars and going up the M4 or the M40. That will mean a considerable loss of revenue for First Great Western. There has to be fairer access to the stretch of rail between Reading and Paddington, so that the people who live nearest to London and others are not penalised.

My concern is that we do not seem to have an integrated transport plan and local plan for how to use rail to the best effect as a community asset in areas in the south and south-east of England in particular. Housing numbers in those areas are growing exponentially and as a consequence car and road usage will grow. We are bound to see greater road congestion. Railways provide a wonderful, unique way of relieving that congestion cost-effectively. However, people will use them only if services are adequate and reliable. Services will not be adequate on the present system, with the Government giving minimal subsidy to the rail operators. The rail operators do not see an opportunity but a duty that they have to fulfil. We are missing an opportunity, which is sad. I hope the Minister can address it.

Miss Anne Begg (in the Chair): I appeal to the Opposition Front-Bench spokesmen to keep their remarks to about seven minutes, as that will give the Minister time to sum up.

10.36 am

Paul Rowen (Rochdale) (LD): I begin by congratulating the hon. Member for Windsor (Adam Afriyie) on initiating the debate. The long-suffering commuter will be grateful to him and his colleagues for raising some of the issues.

Britain has the largest rail network in Europe, which has a key role to play in easing traffic congestion. In his introductory remarks, the hon. Gentleman gave us a short potted history of how the railways in the country began. I feel that he missed a bit from when the Conservatives were in power: privatisation, the effects of the introduction of Railtrack, and the doubling of costs. To be fair to the Government, the problems that we are dealing with now come from the underfunding in the Conservative years and the subsequent privatisation that, it seems, increased costs.

Adam Afriyie: Will the hon. Gentleman give way?

Paul Rowen: To be fair, I only have seven minutes.

Adam Afriyie: It is only a quick point. The hon. Gentleman makes the slight that the Conservatives' cost-cutting, or whatever it was, caused the problem. After nine years of Labour Government, surely he cannot still be making the same old point that we are totally tired of.

Paul Rowen: I am not here to defend the Government, but long-term underinvestment cannot be addressed overnight.

Five issues need to be addressed. Although the debate this morning has concentrated on London and the south, as I represent a northern constituency, I want to make it clear that some of the issues that have been mentioned affect the rail network and commuters as a whole, and are not merely London-centric.

The first issue is the rail franchising system and the unprecedented power of the Secretary of State under the Railways Act 2005. The second is overcrowding on commuter services. The third is the age and suitability of much of the rolling stock. The fourth is the cost per mile. The fifth is the issue of capacity and bottlenecks, which have a major effect on future development and expansion not only in London but in the big cities, including Birmingham and Manchester.

The Railways Act gave the Secretary of State unprecedented powers. He stipulates and controls the franchise and can set the timetable within that. If we consider the issues that have been referred to, it is clear that many of those problems have come about as a result of setting the franchises so tightly. Although the Secretary of State sought to deny responsibility for such issues in the House last week, in my view he cannot escape that fact. Those powers exist and they have clearly been exercised. He can also require a review of rail services—we saw two published last week—and close unpopular routes.

If we look at the new franchises, and particularly the west country franchise, which was let to First earlier this year, we see that train numbers have been reduced despite unprecedented increases in passenger numbers. On the St. Ives Bay line, for example, passenger numbers are up 25 per cent., but the number of trains has been reduced from 26 to 23 each way in the summer and to 16 in the winter. On the Maritime line, passenger numbers are up 21 per cent, but the number of trains has been reduced from 13 to eight each way. It is the same on the Looe Valley line, where passenger numbers are up 16 per cent., but the number of trains has been reduced from 13 to eight each way. That is the direct result of a franchise that will deliver £1.13 billion to the Treasury over the next 10 years. In the past, many people would have expected the more profitable lines, such as the Bristol to London line, to help to subsidise some of the rural and branch commuter services, but that has not happened.

If we look elsewhere, we will see the same process beginning as each franchise is let. In my area, for example, the operator of the northern franchise wanted to introduce new services and an improved timetable, but the new franchise system has prevented them from doing so. That has had the consequence of continuing overcrowding, but the issue has not been addressed on lines such as that from Huddersfield to Manchester, which has only two carriageways. The review that was published last week contained no plans whatever to increase capacity on such lines.

[Paul Rowen]

As for overcrowding, the numbers of excess passengers are quoted for London, and the hon. Member for Epsom and Ewell (Chris Grayling) asked a telling question last week about commuter services in London, but similar figures are not available for elsewhere in the country. Overcrowding affects commuters who travel into not only London, but Manchester, Birmingham and our other big cities, and the House needs all the figures to be made available when we debate the development of services. The review that was published last week is meaningless for the northern franchise because it gives no information to back up some of the points that it makes.

I turn now to the age and suitability of the rolling stock. A few weeks ago, I asked a question about the plans for each franchise and what would be done to improve the age of the rolling stock. Of course, the average age, which the Government quote, has improved, but if we look at services other than those on inner-city lines or serving London, we see that things are different. The average age of northern franchise rolling stock is 19 years, and there are no plans to renew it. That is totally unacceptable. We have inefficient, old rolling stock that costs a fortune to run, but we are not dealing with the issue.

On the cost per mile, we are sometimes quoted figures for some rural lines that show that such lines are inordinately inexpensive and cost too much per mile. However, we do not see the figures. If we are to have an honest discussion about which services should be provided, we need the figures to be produced. It has now been decided to axe certain services in the west country, but such decisions should not be made just by the Department for Transport—they should involve local people. A key point about the Railways Act is that it removed control from passenger transport authorities and councils, which no longer have a proper say in the letting of franchises.

To sum up, I would like to see four things. As the hon. Member for Banbury (Tony Baldry) said, we need the network to be looked at as a whole, and there should not be this piecemeal letting of franchises. Secondly, we need more profitable lines to subsidise less profitable lines. Thirdly, we need long-term investment. The original plan talked about having franchises of 15 and 20 years, so that improvements could be made, but that is not happening, and all the franchises that have been let are for shorter periods. Finally, we need passenger transport authorities and local councils to play a greater role in setting priorities as part of an integrated transport plan. In short, we do not need the greater centralisation of the rail network that we are currently seeing. We need the Minister to be open about what is happening and we need to have an honest debate about the problems that we face.

10.45 am

Chris Grayling (Epsom and Ewell) (Con): It is a pleasure to serve under you in this curtailed debate, Miss Begg. I congratulate my hon. Friend the Member for Windsor (Adam Afriyie) on bringing this important subject before us. I shall keep my remarks brief and try to give the Minister as long as possible, because he will have much to say.

The hon. Member for Rochdale (Paul Rowen) needs to understand that 10 years have passed since privatisation. The Government have totally restructured the railways since then and could have taken back control of all the franchises had they chosen to do so. It is no good, therefore, fighting the battles of 10 years ago; we need to move on and to deal with the problems of today and tomorrow. That, however, is where the Government are letting people down. The truth is that, all round the country, lines are under threat of closure or service reductions and stations are in jeopardy.

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): Can the hon. Gentleman tell me which lines are under threat of closure?

Chris Grayling: I will happily do that if the Minister will wait for my remarks.

What the Government are doing is repeating what happened all too often in the days of British Rail. BR would decide that it no longer wanted to maintain or pay for a line, so it would dramatically scale back the services on it. Similarly, we now have lines in the west country, for example, where the number of trains a day has been cut by 50, 60 or 70 per cent. Not surprisingly, ridership on those lines will fall dramatically, and I would be prepared to bet that, in a short time, people in the industry and the Department will say, "These lines are no longer affordable. We need to close them." We are at the start of a slippery slope. Of course, there are no closures on the table today, but the Minister must surely realise that the cuts that he is making are creating the climate for closure.

I visited Dunbridge station, in Hampshire—in this case, one station is affected, not the whole line—where the number of services is falling from more than 20 to about five or six a day. The first morning train into Salisbury will now be at 10 o'clock in the morning, and anybody who goes into Salisbury will not be able to return until 7 o'clock in the evening. The morning train that children from the villages take to school is also being axed. That station will be in jeopardy because usership will fall, and somebody will turn round and say, "The station is not economical. We will get rid of it." The Government are starting rail services down a slippery slope in Cornwall, Hampshire and Oxfordshire.

My hon. Friend the Member for Banbury (Tony Baldry) did not mention the way in which the Department has intervened directly to say that weekend services to stations in Oxfordshire should go. That is a completely new development on our railways. Today, civil servants and Ministers are working together as part of a team directly to control what happens on our railways. Timetabling is now decided in broad terms, although not to the exact minute past the hour, because Ministers do not decide whether a service will come at three minutes or 16 minutes past. However, they do decide how many trains there are from Twyford to Henley and how many pass through Bicester or use Westbury station on a typical day.

Derek Twigg: I do not want to eat into the hon. Gentleman's time and this is the last time that I will impose on his generosity. Is he saying that a Conservative Government would make no changes at all to services in what is a multibillion-pound business?

Is he saying that the timetables and the specification of any franchise should be left wide open and that there should be no base specification and no indication of what the Government want?

Chris Grayling: In those comments, the Minister highlights the amazing contradiction in what the Government are doing. He says that this is a multimillion-pound business and asks whether the Conservatives would intervene to decide things. It is not the job of politicians to decide what trains run at which times on the railways and where they stop—that is surely the job of rail professionals. That is where the Government are going wrong.

The reason why these changes are taking place is that the Government have set themselves a goal of realising significant savings from the railways. The changes and the reductions in specifications on rural railway lines are all part of an attempt by the Government to extract as much money as they can from the railways, to counterbalance a big jump in public subsidy in the past few years. On the one hand, the Treasury is trying to squeeze the new franchisees and get as much money out of them as it can; on the other hand, it is trying to reduce the specification for those franchises as far as possible, so that services to stations such as Westbury are removed from the equation. That means that Dunbridge in Hampshire gets fewer trains every day and that the Looe branch in Cornwall and all the other affected areas in Cornwall get fewer services. The changes are all about cost saving.

The Government are looking in the wrong place for efficiencies in our rail network. There are still huge issues around how Network Rail works. We still spend far more on rail maintenance and rail renewal than other countries. The hon. Member for Rochdale referred to Network Rail, and to maintenance and the level of investment in the railways. It is true that, for the past few years, the Government have been investing huge amounts of money and borrowing huge amounts through Network Rail to spend on infrastructure. In the end, however, we must surely catch up and start spending money on the real challenge in our rail network, which is to improve capacity.

Over the past few years, the Government have dramatically increased the amount of public money that they are spending on the railways. The Minister will no doubt tell us about the £87 million a week that is spent on the railways, and yet at the end of that time, with all that money being spent, where are we today? Most of the major rail projects in the 10-year plan have been scrapped. The modernisation of the Great Western route was part of the plan. Platform extensions, Thameslink 2000, Crossrail and the modernisation of the east coast main line were all promised by his predecessors by 2010, yet most will simply not happen.

At the same time, having spent all that money on the railways and increased public subsidy to such an extent, the Government are now cutting services in many parts of the country. If we cut rail services, fewer people are likely to use the railways. More people will get their car out of the garage and drive instead. When there is no train, the families in Dunbridge in Hampshire who have to get their kids to school in Salisbury every morning will get their cars out of the garage and drive them to school. That is surely the opposite of what the Government intended when they set out in office.

At the end of nine years, the Government have talked grand talk about transport and spent a lot of money—in the same way that they have spent a lot of money on the health service and education—yet we see the same picture in terms of delivery. There have been few improvements to capacity, although the network has succeeded despite the Government's efforts, because the private rail companies have managed to boost passenger ridership enormously in the past few years. Large amounts of money are being spent, but capacity problems are not being addressed and projects that could deal with them are being kicked into the long grass. The Government's only solution is apparently to go back to the old-fashioned route of Dr. Beeching: to cut services and downscale the number of trains serving stations, with the inevitable consequence that in the end they will close.

The result is that the railways are weaker. In many parts of the country, public transport services are disappearing, as a result of which more people will get out on to the roads. That is not where the Government started nine years ago and it is not what I believe they intended to do, but it is what is happening. It is time that we took a new direction and got better value for the public money being spent, rather than just chopping services in areas where the amount of money saved is, in fact, small. Having a train stop five times a day instead of 20 times a day saves a small amount of money and makes little difference to cost.

It is time that the Government got to grips with the real cost issues on the railways, addressed the capacity problems and came up with a proper strategy for the future of our railways, instead of meddling in detailed jobs such as timetabling and services, which are properly left to rail professionals.

10.54 am

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): In the short time available, I should like to do deal with as many issues as I can, but it will not be possible to deal with all of them. I congratulate the hon. Member for Windsor (Adam Afriyie) on securing this important debate. I note that his reading was "Thomas the Tank Engine". He may want to read through the "National Rail Timetable", from which he might get more information. He might also notice that it is a lot thicker than it was 10 years ago. In other words, there has been an increase of around 20 per cent. in services on our railways since his party was in government.

All hon. Members who spoke in this debate care passionately about their local rail services. My hon. Friend the Member for North-West Leicestershire (David Taylor), who is not here now, mentioned the Ashby and Coalville services in Leicestershire. I am sure that he will realise that we will need to engage the local authorities and Network Rail to develop a business case for that.

I note that when I asked the hon. Member for Epsom and Ewell (Chris Grayling) to name all the lines that were being closed down, he could not do so. It is ridiculous to suggest that my right hon. Friend the Secretary of State or I are an incarnation of Dr. Beeching, who reduced the number of stations from 5,000 to 2,700. We currently have about 2,500, so on that basis we would have no

[Derek Twigg]

stations left at all. I do not honestly think that the hon. Gentleman thinks that that we intend to cut hundreds or thousands of stations.

It is important to look logically and clearly at where we are with today's railways. Of course, there will be changes and, of course, we have to look for value for money. As has been mentioned a number of times, there is demand where there are particular crowding and capacity issues, which is a big challenge that we will have to address and that we are addressing. I shall explain in the few minutes available what we are doing.

We are spending £87 million a week on the railways, with record investment in rolling stock and the youngest rolling stock for years. Overall passenger satisfaction is up—I am not pretending that there can be no more improvements, but it is improving. We have 20 per cent. more services than in the mid-1990s. On public performance measures, we are now above the 85 per cent. target for reliability of trains, and the target for this year may be exceeded, although we shall have to see what the latest figures say. The trains are more reliable, which is important to commuters, as well as rural rail travellers. A number of our train operating companies now achieve more than 90 per cent. reliability. We have been working with the industry to bring about those improvements.

Let me give some examples of what has been happening with the railways. The hon. Member for Rochdale (Paul Rowen) mentioned the northern franchise, but the hon. Member for Epsom and Ewell suggested on the radio a few weeks ago that we were going to cut the northern service. Well, we have not done so and we have no intention of doing so. He will probably be aware that TransPennine express will get new rolling stock, so investment in trains is taking place there—the northern rail services are obviously heavily subsidised. I announced 17 new trains for South West only a few weeks ago, so it is nonsense to suggest that no improvements are taking place.

Of course, we have—through longer trains and platforms, better timetabling and route utilisation strategies—to get better capacity out of the network. More than 1 billion passengers will use the railways this year, which is the greatest number since the early 1960s, but on a much smaller network. We have got more passengers on to the network. There are challenges, but people are using the network because they see investment going in and an improved service that is an alternative to using their cars.

Dr. Murrison: The Minister talked about rail utilisation strategies. Why does the rail utilisation strategy of 2003, which recommended an enhancement of the Bristol to Waterloo service, appear to have been ignored?

Derek Twigg: The hon. Gentleman may want to read the latest rail utilisation strategy on South West, which Network Rail announced last week. I listened to his arguments about that service. We are considering the issue and will announce something shortly. Some £7.6 billion has been invested in the west coast main line and, with the channel tunnel rail link and the Thameslink box station, investment is taking place all the time.

On First Great Western, I have had a number of meetings with hon. Members, as has been made clear. We have listened and our officials are talking with First Great Western to consider what improvements we can make as part of that franchise process. However, as I have already made clear, the franchise is very large and we have to consider how to get the best benefit for the most passengers, and the best value for money, ensuring that the resources are best used rather than used on services that hardly anyone or no one uses.

Mrs. May: Does the Minister not understand that, in terms of benefits for sheer numbers of passengers, he needs to focus on the commuter services, not the long-distance services?

Derek Twigg: I can understand the right hon. Lady making a strong case for her constituents, but as I made clear, we look at the franchise as a whole and at how we can get the best benefit for the majority of passengers. She has made her points to me both in this debate and in a separate meeting, and will do so again in correspondence that we shall have shortly. We are looking at the issues and at how we can address the concerns that have been raised.

Housing (Overcrowding)

11 am

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): It is a pleasure to serve for the first time under your chairmanship, Miss Begg.

Overcrowded housing is an important issue, both in my London constituency and nationally. I shall talk about the reasons for that and then consider some of the solutions that the Government could consider more firmly. As a Hackney and London MP, I view these matters from the perspective of a city that is rapidly growing. London's population is set to grow by the equivalent of a city the size of Leeds by 2016. Indeed, we are already in the middle of that growth and are seeing the pressures put on all services in London, particularly housing. London is also a young city. In Hackney, 22.1 per cent. of the population is under the age of 16. Children and families need homes to live in—and they need them now.

Overcrowding may be concentrated in London, but it is not just a London issue. London and the south-east are widely acknowledged as the powerhouse of the British economy, and we need to create housing stock for our workers. The cost of not tackling overcrowding is high.

I shall highlight some of the problems in my constituency. Hackney is the third most overcrowded borough in London, with one person in 10—8,000 families—living in overcrowded accommodation. The number of households in this one London borough who live in overcrowded conditions is greater than can be found in whole cities. Manchester, Leeds, Liverpool and Bradford also suffer from overcrowding, but each of those cities has fewer such households than Hackney. In Greater London, 174,200 households, including 261,000 children—one fifth of London's children—live in overcrowded conditions. That figure rises to 30 per cent. among those who live in social housing.

The debate about overcrowding often has to deal with technical definitions and financial models. However, as I know only too well as a constituency Member, there is a human side. It is the people who are suffering from living in overcrowded conditions—the children who miss out and the families who suffer stress.

According to a survey of English housing conducted by the Office of the Deputy Prime Minister, 500,000 households nationally—900,000 children—live in overcrowded conditions. The problem has grown in London since 1991, and severe overcrowding has risen by almost 50 per cent. Black and minority ethnic families are six times more likely to live in overcrowded conditions than white British families, and overcrowding is particularly prevalent among Bangladeshi and African communities. That is why three east London boroughs top the unenviable overcrowding league.

The Mayor of London's involvement in housing has helped to sharpen the political focus on the issue, which is too big a problem for individual boroughs to deal with alone. Later, I shall touch on some of the funding problems of London boroughs. Nationally, the Minister of Communities and Local Government and his colleagues are debating the question of city regional government. I may not always see eye to eye with the Mayor of London—

Michael Gove (Surrey Heath) (Con): Hear, hear.

Meg Hillier: That may be a moment of agreement with the Opposition.

The creation of strategic London government was an important and helpful step towards seeing the wider picture on housing, including overcrowding. Under this Government, we have seen a welcome growth in the number of affordable homes, but the balance of the various types of home is not right. The pressure for unit numbers—whichever party is in government will always exert political pressure to increase quantity—is often at the cost of a greater balance that would allow people to move within their communities rather than having to move out of London. I have much aneedotal evidence showing that those of my constituents who have the wherewithal to move from inner London to outer London or even outside London are doing just that in order to find the housing that they need. Over-focusing on one and two-bedroom properties in private and social housing stock is either driving families out or condemning them to live in cramped and unhealthy conditions, and many of their neighbours are in the same position, which often creates near ghettos of overpopulated areas.

The problems of imbalanced communities and affordable housing are not unique to cities, but they are acute in London, which is why I shall focus on their impact on the city. We need a greater supply of larger affordable housing, but other mechanisms are also needed in order to adjust the playing field so that, for example, it can become more cost-effective to upgrade older, larger homes than selling them to pay for smaller units.

Another issue that impacts on housing supply in London is under-occupancy. According to the ODPM's survey of English housing, 9 per cent. of London's social rented sector is under-occupied. Freeing up those larger homes will not solve overcrowding, but it could help, and many councils are at the forefront of initiatives to encourage tenants with spare bedrooms to move to smaller properties. For example, Hackney is adjusting its lettings policy to give more priority to overcrowded families. It is also increasing financial support for under-occupying tenants to cover the cost of moving to smaller properties—a simple thing that is often the brake on people's desire to move. It is also encouraging under-occupying tenants to move by offering them not only what they need, but a second bedroom, so that relatives who visit can use the spare room. That is one reason why people do not want to move from larger properties. I am delighted that Shelter, the housing charity, has highlighted Hackney's approach as good practice.

Even if all tenants with spare rooms moved to smaller properties, however, it would not solve the problem. I want to move on to some bigger solutions and issues. The main solution is a greater supply of housing, and altering the financial incentives for housing associations that are developing new social housing would help provide the right size and mix of units. I shall highlight

[Meg Hillier]

supply and size of housing and consider some definitions of overcrowding, as well as mentioning the effects of not acting. I am not a technical expert on housing matters, but I worked in the housing field for more than a decade. I hope that the Minister is listening hard, because the stark fact is that the current definition has been extant since 1935. It is rather out of date. I see him nodding; he may like to comment in his winding-up speech.

The Housing Act 2004 allows the Government to modernise housing standards—a provision that I welcome. However, the Housing Act 1985 contains two legal definitions of overcrowding. I shall not go into detail, but I want to highlight the room and space standards. The room standard allows a large kitchen to be counted as a sleeping room. It puts no limit on the number of same-sex cohabitants in such rooms, and it does not include children under the age of 10. Under that definition, children under 10 are wiped out.

Under the space standard, children under the age of one do not count at all. A room is counted if it is a bedroom or living room, as are kitchens and dining rooms. Families can live in severely overcrowded conditions without hitting the Government's radar. Applying those definitions to the reality shows that it is probably a great deal worse than was suggested by the figures that that I cited earlier. I remind the House—I hope that the Minister will hear what I have to say—that, in theory, four children under the age of 10 could share a living room as a bedroom without being technically severely overcrowded.

I was delighted in 2003 when my hon. Friend the Member for Edmonton (Mr. Love) promoted a private Member's Bill that recommended not counting living rooms or kitchens and giving every occupant of the household equal worth. A change is certainly needed, and I am pleased with the Government's recent announcement that they will consult on the statutory overcrowding standard. It is a step forward, but it is long overdue.

The Government have rightly highlighted the importance of education, on which debate is raging further down the Committee corridor today. Overcrowding has a big educational impact. A Shelter survey carried out at the end of last year showed that 80 per cent. of families felt that living in overcrowded conditions was damaging their children's educational prospects, That is self-evident. Overcrowding prevents children from having a quiet space to read, do their homework and study for exams. In my constituency, we have a number of homework clubs. Indeed, a local vicar in Haggerston in south Hackney, the Rev. Rose Hudson-Wilkin, has opened her home to local schoolchildren to provide them with space and peace to do their homework. I applaud her philanthropy, but the Government need to tackle the problem more systematically.

There are also international examples of the impact of overcrowding on education. Research entitled "The Urban Prospect", published in 2001 by New York's citizens housing and planning council, showed a link between overcrowding and lower levels of educational attainment. The study found that overcrowding reduces the probability of boys completing secondary school by almost 11 per cent., and that of girls by about 6 per cent. I do not doubt the Government's commitment to improving educational standards, but we need to do that across the piece. A home with the space to study must come high up the list.

The links between overcrowding and health are well documented. When I entered politics, the then director of public health stressed to me that the provision of better-quality housing for families living in poor, overcrowded homes would have one of the best impacts on local health. We have come on a bit during the past 12 years or so. However, I cite the Shelter survey again: 90 per cent. of families felt that overcrowding was damaging their children's health; asthma was the condition mentioned most often. It will not surprise hon. Members to hear that 86 per cent. of those surveyed felt that depression, anxiety and stress resulted from living in cramped quarters; every week, we see in our surgeries the impact of overcrowding.

Research also shows links between overcrowding and respiratory and infectious diseases. British Medical Association research shows that overcrowding in childhood significantly affects stature, rates of disease and rates of early mortality in adulthood. If we do not tackle overcrowding, we will condemn today's children to a life of health inequality. Tuberculosis is another problem that is particularly prevalent in London, and it is directly linked to overcrowding. I commend work done by the London assembly on the impacts and causes of TB, which is on the increase. In Hackney, TB rates are similar to those in China. In 2001, all but three of the 15 London boroughs with above-average overcrowding had an above-average incidence of TB. We know from research that overcrowding plays a larger role in the incidence of TB than do migration or ethnicity.

The critical argument is about the shortage of housing supply. The Government have done much good work to tackle the problem, but the concentration on one and two-bedroom properties has meant that the problems have not been entirely addressed. On 8 March, the Minister for Housing and Planning announced that in London the proportion of new housing built with three bedrooms or more would increase from 27 per cent. in 2004–06 to 35 per cent. from 2006–08. That was very welcome. In Hackney, the fruits of that policy are eagerly awaited, especially by the tenants of Haggerston West and Kingsland estate, who await a determination about their estate transfer, which has been discussed, in particular, because of the need to include larger family properties on the estate.

Supply is one part of overcrowding, but we need other ways of tackling the problem in the short term. I commend the 10-point plan drawn up by the Association of London Government, with the support of the National Housing Federation. The key points include a call for a national target to reduce overcrowding, which I support. People often mock nationally set targets, but all types of professionals on the ground tell me that Government targets have a beneficial impact because they focus local delivery, so a national target would be a good step forward. I also support the ALG's calls for the Government to have an overcrowding unit; perhaps it is time we had an overcrowding tsar. The Minister is smiling at the idea; perhaps he could have the job.

I should also like grant funding to be re-jigged to make the building of family-sized units easier and more affordable. Local housing associations in Hackney tell

me that although we need more family-sized units locally, they do not provide the rent return that comes from building more one and two-bedroom properties. That is a perverse situation, which we need to change by considering the cost per person of building a home, rather than the cost per home. It is a typical clash between the Treasury and the delivery arm of the Government. The common-sense argument is there, but we need to make sure that it is translated. I am not sure whether the Minister can make pledges about what the Treasury can do, but perhaps he can comment on any discussions between the Office of the Deputy Prime Minister and the Treasury on this issue.

I turn to the need for one small but important measure in London. A number of housing associations have been selling their larger properties, particularly street properties and older properties. We need a brake on the sale of such properties, incentives to do them up and more support for tenants who want to move out of larger social homes and into other properties. Perhaps we could collate the existing funding mechanisms and provide extra support.

One of the bizarre aspects of current policy is that Housing Corporation funding rules reduce, pound for pound, the money that housing associations receive from local funding. I am a great believer in decentralisation and in local government having a role strategically, and in some cases in delivery terms, in tackling the detailed needs of an area. It seems an emasculation of local government, however, to say, "Fine, you can fund housing associations to provide more housing", but then to remove money from the national pot.

In the 2004 spending review, an extra 10,000 new socially rented homes were promised by 2007–08, and a total of 75,000 homes over three years. That has been very welcome and I do not underplay the step change the Government have made in focusing on housing. However, I am looking to the next comprehensive spending review, as no doubt the Minister is, although perhaps he cannot commit at this point. I should like the Government to commit to the recommendations of the Barker review and ensure that the resources are available to deliver on those pledges.

The Government have done a great deal and recent announcements give me great hope, but I urge the Minister to start acting now to ensure that the benefits accrue for this generation of our children, as well as the next.

11.16 am

Mr. Dan Rogerson (North Cornwall) (LD): I am delighted to serve under your chairmanship, Miss Begg. I congratulate the hon. Member for Hackney, South and Shoreditch (Meg Hillier) on securing this debate on an issue that, as she rightly points out, affects Members of the House weekly at our surgeries and in our post bags, although it particularly affects those experiencing the effects of overcrowding. We have already heard that 500,000 households suffer from overcrowding. Each of those could tell us a story about how overcrowding has affected a group of people.

The definitions of overcrowding were set a long time ago, when ways of living and working were very different. Those definitions need to be reviewed and we need to change how overcrowding is handled in respect of the provision of new social housing. We have heard how overcrowding can damage not only physical but mental health; depression is becoming a bigger element of the burden on local GPs' surgeries. Overcrowded housing must be a significant factor among those that cause people such distress that they need to go to GPs' surgeries.

We have heard about the effects of overcrowding on young people's educational opportunities—the chance to study, read and do homework. It also affects their opportunity to play, however, which as we all know is an important part of a young person's life. Why should some young people not have the chance to play and enjoy life as their classmates can?

A family who live in a housing association property in my constituency came to see me recently. They do not have the resources to move on to the private sector, so they went to the housing association and said that they could put together the funding to add a little extension or conservatory to their house. That would have given their children, who had to share a bedroom, a place to play. That suggestion was constructive; the family had obviously explored all the avenues. The housing association considered the proposal and was supportive, but the plan did not stack up for the planning department and the family were unable to carry it out. People in such situations are thinking constructively and trying to work with the authorities to overcome their situations. At the end of the day, however, if the housing stock is not there, we shall find that such situations are ongoing.

We have heard a great deal about the situation in Hackney and across London, but the problem also exists in rural areas. Colleagues who represent urban areas would doubtless echo the comments made about the situation in Hackney, but village communities in North Cornwall face a significant problem because the number of second homes has reached an unsustainable level. Young families cannot afford to stay on in the area where their parents grew up and are being forced to look further afield for accommodation. They find that because they are all being driven into the towns, no accommodation is available in urban centres either.

In essence, the problem is caused by a lack of new social housing. The right to buy has meant that many council houses have passed out of the social rented sector. The comparison between the number of council houses that have been sold and the number of people who are on waiting lists for social rented accommodation shows quite a correlation. We need more action from the Government to replace housing stock that has moved out of the social rented sector.

We can also consider the problem of overcrowding not just in terms of small homes—one or two-bedroom properties. The problem of homelessness at home also exists. Some families who would otherwise have moved out of their parents' accommodation are unable to do so because there is no alternative accommodation for them. It is not just that the accommodation is not large enough, but that it does not exist.

Again, I can give an example from my constituency. A young single mother had to return to her parents' home, a one-bedroom council property, because of a relationship breakdown. She and her child were

[Mr. Dan Rogerson]

applying for council properties but stayed with her parents in that one-bedroom council property—there were three adults and one child—for a year until she was able to move out. That represents a year out of that child's life and education. That distressing problem for the whole family was caused not by the size of the property, but by the lack of affordable property for her to move on to, full stop.

We need larger homes to be available. I am interested as to whether the Minister will come forward with any proposals about how the Government plan to address that issue and to examine standards, to which the hon. Member for Hackney, South and Shoreditch referred. She also mentioned that moving towards a target for tackling overcrowding might be helpful. That is worth examining, particularly if it is linked to powers for those in local areas to address the problem. We would hate a target to involve no extra funding or powers enabling local housing associations and local councils to act to meet it.

The hon. Lady was getting to the nub of the problem when she spoke about how housing associations can set their rent levels in terms of the number of people in the property. There is an incentive to build denser, newer developments of smaller properties, as opposed to larger properties that would meet the need that we are discussing today.

My party believes that the way to address some of the problems is, first, to free up councils and housing associations to take every opportunity to provide more housing and to give them more flexibility to consider its nature. Some councils are working hard to explore every opportunity to provide housing. South Shropshire district council has, in some village developments, sought to ensure that every new development of two houses or more must have an affordable home. That is a step forward. It has had to sell that proposal to the local communities involved, but the response has been good and it has been able to provide more affordable homes as a result.

We would also like mutual housing associations—associations that would give their tenants, as their shareholders, more say in future development. All parties support greater investment in shared equity, and mine is keen to promote a golden share option, to ensure that those properties remain locally available for renting in the longer term.

I also want a right to invest, so that people can build up equity in their council housing or housing association property in order to give them the opportunity to move on into the private sector. That would help them, and it would also help to release the properties for future generations. Moving on in terms of shared equity also needs careful consideration; there should be an option for people to move up in the scale of property where required and for them then to be given incentives to move down again. We have heard that that is happening in Hackney.

For those reasons, I hope that the Government will come forward with proposals over the coming months and years to increase investment in the provision of affordable housing and to ensure that some of the new ideas being piloted in councils around the country can be explored and perhaps pushed forward. Overcrowding is a serious problem for those in urban areas and a serious and growing problem for those in rural areas. We need more affordable housing, and we need to ensure that the affordable housing that is provided meets the needs of the communities that it is there to serve.

11.26 am

Michael Gove (Surrey Heath) (Con): It is a pleasure to serve under your chairmanship this morning, Miss Begg.

I congratulate the hon. Member for Hackney, South and Shoreditch (Meg Hillier) on securing this debate. I know that she has spent more than a decade taking an interest in housing issues, and her speech did her great credit. She reflected both on the problems in her constituency and on the broader issue that we face in tackling overcrowding in housing. Her speech was a model of clarity and exposition, and I congratulate her on it.

I believe that the hon. Member for North Cornwall (Mr. Rogerson) was making his Front-Bench debut, and I thank him for laying out the issues from a rural perspective with particular clarity and for contributing to what I hope will be a broad consensus on the need to tackle this issue. Westminster Hall is not usually an arena for vicious partisanship, and I hope that it will not be so today. In sharing a commitment to tackle the problem, I hope that we can establish a degree of consensus across the Front Benches.

I also want to thank Shelter, the campaigning housing charity, not only for its sustained campaigning effort for many years, but for its poster in Westminster station. Those of us who regularly use the Jubilee line will be familiar with that striking and effective poster. It shows a number of children in the House of Commons, crawling over the Dispatch Box and so on, and vividly and graphically brings home to parliamentarians and others what the reality of overcrowding might mean. The picture paints a thousand words—words that are conveyed more effectively than the thousand words of mine that the *Hansard* reporters are recording today.

The scale of the problem was outlined with particular authority by the hon. Member for Hackney, South and Shoreditch. She reminded us that about 500,000 households in Britain today experience overcrowding. As we know, that means that almost 1 million children are growing up in circumstances that are an affront to social justice. She reminded us of the particular problems that she encounters in her constituency. Across London, 175,000 households experience overcrowding, which means that about 261,000 children are growing up in circumstances that they should not have to face. The Minister represents a seat that covers the London boroughs of Newham and Tower Hamlets—the two local authorities in London that have the most severe overcrowding problem—so he will know the scale of the problem from his constituency postbag.

As both speakers have spelled out, the consequences of the problem are particularly severe for children. The consequences in health terms have been graphically spelled out. As the hon. Lady pointed out, respiratory problems, particularly tuberculosis, are on the increase, and overcrowding is a crucial factor. The hon. Member

for North Cornwall said that when it comes to mental health and well-being, overcrowding contributes to stress and anxiety, and in the worst cases to depression.

There are compelling reasons for dealing with overcrowding in terms of both public health and educational outcomes. As both speakers pointed out, it is increasingly difficult for children and teenagers living in overcrowded housing to get the space that they need to devote themselves to the study that will allow themselves to make the most of their lives and their potential.

Nearly a century ago, Virginia Woolf wrote a book entitled "A Room of One's Own". Part of the burden of that book was the difficulty that women had faced in the past, overwhelmed as they were by crippling domestic duties, in managing to clear both the time and the space for creative endeavour. Her plea then—an explicitly feminist plea—is one that should be made on behalf of our children and teenagers today. They need a room of their own—their own space in which they can not only grow and develop psychologically, but study and make the most of their homework. Such a space would help young people's schooling and ensure that they become all that they can be.

We recognise that this problem has a direct effect on health and educational outcomes for our young people and that we need to address it, and I suspect that there is a consensus throughout the House on that. How should we go about addressing it? As the hon. Lady pointed out, her colleague the hon. Member for Edmonton (Mr. Love) tried to introduce a private Member's Bill to modernise the definition of statutory overcrowding. The last time we had a statutory definition was in 1935, when there was a national Government and Ramsay MacDonald was the Prime Minister; some of us, I suspect, are nostalgic for those days, while others perhaps are not. In 1935, the definition was accepted simply as a working definition; it was seen not as the ideal, but simply as a means to an end—a staging post on the road to improvement.

I suspect that there is broad consensus at present that the time is long overdue for revisiting the definition of statutory overcrowding. Indeed, that has certainly been hinted at by the Office of the Deputy Prime Minister. As the hon. Lady also pointed out, both the room standard and the space standard in that definition are outdated. We cannot have a situation in our country in which living rooms are counted as bedrooms in working out whether individuals are suffering from overcrowding, and in which four children sleeping in one room does not count as overcrowding. That offends against common sense.

Legislation on its own is not enough, however. We can legislate to deal with this problem, but that is not a magic wand. It is helpful in setting a benchmark and in governing our direction of travel, but it will not in itself resolve the problem. What can we do? As both hon. Members who have spoken have pointed out, we need to address the issue of supply and to ensure that, as we increase and free up supply, we have the right mix of houses.

When we examine supply, we discover that there have been melancholy trends in the statistics since the early 1990s. Again, I make my comments in a spirit of bipartisanship, and although some of my remarks may be construed as critical of the Government—and, indeed, they are—some of them are also critical of the Conservatives towards the end of our time in government, when our contribution to and investment in social housing started to fall. There has been a fall in housing supply since the very early 1990s. According to the ODPM's own figures, that reduction meant that over the period broadly from 1991 to the beginning of the 21st century we had an excess in the growth of households over the amount of new homes of about 500,000. Therefore, 500,000 households did not get the houses they deserved.

Since the beginning of the current century there has been a welcome increase in housing supply, but it is still the case that household growth outstrips the supply of new housing, and the most recent ODPM figures on household growth emphasise that households are growing at an even faster rate than we envisaged. It is therefore incumbent on all of us to do everything we can to free up supply further.

The point has been made, not least by the hon. Member for North Cornwall, that the constrictions in housing supply have been particularly acute in the social housing sector. Even though there has been a welcome increase in the amount of new development in the private sector, there is still not enough of it and there has not been a matching increase in the supply of social housing.

Meg Hillier: What is the current policy of the hon. Gentleman's party on right-to-buy sales, which in London in particular have caused a significant loss of social housing—and especially of housing units of the size that we have been talking about?

Michael Gove: I thank the hon. Lady for mentioning the right to buy, because I believe that it was a hugely successful policy in its time and that it still has some relevance. I think that most people now agree that when the right to buy was introduced, the proportion of people living in social housing was too large to allow true pluralism in housing supply and mix of tenure. There was an unmet need for ownership, which the right to buy succeeded in meeting.

Inevitably, however, as more individuals who want to own have moved towards ownership the demand for the right to buy has dropped. We have certain concerns about the way in which that demand for ownership among people in social housing has been constricted by some of the restrictions on the right-to-buy policy that this Government have introduced, but I do not want to labour that point at present. None the less, the amount that people are offered as a discount has fallen, and as a result, fewer people than might have wanted to take up that right have done so.

One of the key points about the right to buy is that it contributes to a net increase in housing supply. When individuals buy, the money that the local authority or housing association—or other registered social landlords—get from the sale can contribute to new capital investment. I acknowledge that there is a net reduction in social housing as a result of the right to buy, but there is a net increase in housing supply overall, and that is my party's aim.

Part of that increase has to be an increase in the supply of social housing. As the hon. Lady pointed out, we can help local authorities that are encouraging more

[Michael Gove]

efficient use of their own housing stock and tackling the issue of houses where individuals have surplus bedrooms by encouraging them to move and providing the right incentives for them to do so. I applaud local authorities of all parties that have tried to do that.

As the hon. Lady hinted, however, we should explore new and innovative ways of supporting RSLs and private developers in supplying an increased level of social housing. I learned last week from *Inside Housing* magazine that the ODPM is looking afresh at the extent of the involvement of private developers in the supply of social and affordable housing. If that is indeed the direction of travel in which the Minister and his team wish to move, we would like to encourage them.

The hon. Lady also pointed out that the current way in which housing associations receive their funding does not encourage exactly the right mix of housing stock. Specifically, it encourages using houses or flats that are too small for current needs. This is an area in which the Treasury is perhaps not on the side of the angels; if so, this is not the first occasion on which the Chancellor of the Exchequer has been a roadblock to reform. However, I hope that the Minister and his colleagues in the ODPM will bring their considerable weight to bear in encouraging him to move out of the way on this issue.

Meg Hillier: I would be interested if the hon. Gentleman could outline his party's policy on funding larger social units.

Michael Gove: I am attracted by what the hon. Lady has said about the need to change the funding mechanism in order to help create larger social housing units, because what we need to do overall is ensure that we move away from the constricted spaces that we are offering people both in the social housing sector and in private sector developments. I will address shortly the question of constricted space and what we need to do to encourage the right sort of development.

In talking about housing supply overall, however, I want to touch briefly on the contribution that the private rented sector can make. Although there will always be a valuable role for RSLs to play—in my view, it will be an increasingly important role over the coming few years—we also need to recognise that private landlords can play a significant part in meeting housing need. My only specific comment on this issue will be to ask a question of the Minister: has the ODPM fully considered the consequences of the level of regulation, following on from the Housing Act 2004, that has been placed on private landlords? Some of that regulation was welcome in that it increased the standards of private rented accommodation, but Conservative Members have received representations from private landlords that some aspects of that regulation might create a constriction of supply. I would be interested to hear his views about the likely future supply of private rented housing.

One way in which we can increase housing supply overall is by encouraging private development. I was fortunate enough yesterday to spend some time with my right hon. Friend the Member for Witney (Mr. Cameron) in Hammersmith and Fulham, looking at a new housing development there, which has been welcomed by many residents in that area. It is striking that that development has been welcomed, because one of the things my right hon. Friend pointed out in a recent article in *The Independent on Sunday* is that in order to deal with the pressing need to increase the supply of housing in this country, we have to tackle the resistance to development that is a feature of life in Britain today.

We are all familiar with the "not in my backyard" culture. We all know that there is resistance to development, but rather than simply deprecating it, we should try to understand it. Rather than condemning a little more, we should try to understand a little more. If we try to understand why there is resistance to development, we find that local people often feel that they are not consulted properly about the nature of development. They feel that distant planning decisions are taken at the level of the ODPM, which often overrides local authorities' opinions. New development is often not of an aesthetic standard that they would welcome. Also, new development often comes without the infrastructure for which local people feel a need, so greater strain will inevitably be placed on existing infrastructure as a result of individuals coming into an area.

My right hon. Friend the Member for Witney made another point: in an increasingly environmentally conscious age, it may be appropriate to ensure that any new developments make their contribution to the battle against climate change. Many people would be more inclined to welcome development if they saw that developers took that into consideration when supplying new housing.

If we are to tackle resistance to development, we must ensure that local people are given a greater say; work with developers and perhaps use urban design codes to ensure that new housing is of the right aesthetic standards; and ensure that local authorities are properly funded in terms of the infrastructure that they need, and so can welcome development. At the Invermead development, which we visited yesterday, all three considerations were taken into account. People in Hammersmith and Fulham were consulted before the development proceeded. The building is of a high aesthetic standard and is, as far as possible, in keeping with the existing architectural standards. Also, infrastructure has been respected. The development is on the site of the old Queen Charlotte's maternity hospital, but it includes a brand new community health centre. That way, an emotional and practical link with the original site is maintained, and people can see that a key additional infrastructure benefit comes along with the housing. We believe that if we tackle all three concerns, we can build consensus across the country in favour of the development that is needed in order to meet demand for new housing.

The hon. Member for North Cornwall made an interesting point about the situation in south Shropshire, where the local district council, which I think is Liberal Democrat at the moment, has a particularly tight target for affordable housing when it comes to new developments. An interesting proposition put forward by a number of Members from all parties is that under current regulations that govern when new developers have to build affordable housing into a

development, the level is set too high. The trigger point of 15 homes for new housing developments may need revisiting for two reasons: first, we may not be getting the supply of affordable and social housing that we need; secondly, that target encourages dense, flatted developments of 10 to 12 flats on sites of existing family homes, rather than the imaginative sort of developments that we might wish for.

If local authorities could set their own target, as South Shropshire district council has sought to do, they could decide that a development of five new private houses would trigger the need to provide affordable housing. That would have a double benefit: it would potentially increase the supply of affordable housing, while reducing the transformation of multi-bedroom family homes into flatted developments.

Meg Hillier: The hon. Gentleman may find that he agrees on that point with the Mayor of London, who has sought to introduce a lower threshold in exactly the way that the hon. Gentleman describes.

Michael Gove: It is a rare moment when I find myself in agreement with the Mayor of London, but I am not sure that I actually do in this case. I believe in the devolution of power, as the Mayor does, and I believe that it is worth exploring whether local authorities should have that power, but the Mayor has sought to introduce mechanisms that we fear have constrained developers in some respects. However, I shall not devote my remaining time to criticising the Mayor of London; I will leave that to other members of the hon. Lady's party, who can do it with greater authority.

The hon. Lady congratulated the Minister for Housing and Planning on her commitment to increasing the size of new social housing in London. Having talked about the need to free up supply overall, I want to touch on the type of homes that we want, because the Minister for Housing and Planning makes an important point. Unfortunately, only 6 per cent. of new social housing in London has four or more bedrooms. That is part of a broader pattern in this country. In 1990, only one eighth of new homes were flats. By 2004, just under 50 per cent. were flats. We need to address the reasons why we are producing dwellings that are smaller than we need.

It is a melancholy fact that Britain has not only some of the oldest, but some of the pokiest, housing stock in Europe. In particular, we are bottom of the European league for the size of new houses. We have not only the smallest new houses in Europe, but the smallest rooms in the smallest houses in Europe. Why? Well, the hon. Member for Hackney, South and Shoreditch touched on one reason: Government funding and the way in which it affects our housing associations and other registered social landlords who supply social housing. However, there is another reason, too—one on which there is a divide between the Front Benchers—and that is the way in which the Government operate planning policy.

Under planning policy guidance note 3, or planning policy statement 3, the Government have encouraged density. Increasingly, they have made our urban areas the site of dense, flatted development. Family homes have been replaced with new dwellings under the "pile 'em high, sell 'em cheap" principle. We need to recognise that the current definition of gardens as brownfield land is wrong; gardens are green lungs in our cities, sources of biodiversity and—for families that are growing up—valuable space in which children can have the freedom to develop and, as the hon. Member for North Cornwall pointed out, play and grow. We believe that we should look more broadly into how communities can grow organically, so that the need for more family homes can be addressed and so that the relative oversupply of flats, as compared with houses, can be corrected. Most people in this country want to live in family homes with or near green space, and we should go with the grain of that aspiration.

Meg Hillier: I fear that the hon. Gentleman, in his erudite and typically well researched speech, is confusing density with types of property; there can be dense housing with gardens, and high-rise blocks are not necessarily any denser than street properties. I would like him to outline his party's policy on where the 1 million extra people in London will go if we do not develop homes in the inner city.

Michael Gove: The hon. Lady sets two challenges. The first is that density need not mean constriction or high-rise developments. That is certainly true. We know from Edinburgh, Bath and indeed Islington that housing can be both dense and attractive. Unfortunately, the melancholy trend at the moment is towards densification through the replacement of family houses that have green spaces with flatted developments in which the green space is built over, and with smaller dwellings.

Unfortunately, as I pointed out earlier, not only are our new homes smaller than those in other European countries, but the rooms in them are smaller. That contributes to the broad problem of overcrowding and the lack of supply of the types of houses that we need. The hon. Lady and I agree about the scale of housing need in London. As I have pointed out, there are a number of things that we can do to encourage the right sort of development in London, but we also need to recognise that communities across the country need to grow.

One of our differences with the ODPM is that its approach to allowing communities to grow under the sustainable communities plan means that some are perhaps growing at too fast a rate, in the way set out under central plans. We would like local communities to be given a greater say in how development occurs, and we would like organic growth. I do not believe that there is a hamlet in this country that cannot afford a few extra houses, a village that cannot afford significantly more than that, or a town that cannot afford, and would not welcome, significantly more again. I would like a spread of housing development across the country, with local people persuaded and encouraged to accept development—provided, that is, that their voice was respected, that the aesthetic standard of those new houses was high, and that infrastructure proceeded hand in hand with the new housing development.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I apologise for arriving late for this important debate, Miss Begg. It was the attractions of Bill Clinton that kept me away for so long.

[Mr. Andrew Love]

I want to press the hon. Gentleman on the phenomenon of the expected increase in the number of households containing single people or childless couples. Although I accept his argument that there is a need for family accommodation in social housing, I point out that we will need more small-scale accommodation to house the rapidly increasing numbers of childless couples and single people.

Michael Gove: I thank the hon. Gentleman for his point, and I entirely understand why he was absent. Bill Clinton is a bigger attraction than any of us. At the beginning of my speech, I said that the Opposition recognise that the scale of future household growth requires significant additional housing. Like the hon. Member for Hackney, South and Shoreditch, I paid tribute to the hon. Gentleman's private Member's Bill and his crusade to deal with the definition of statutory overcrowding. I am delighted to see him in the Chamber.

This country has become more prosperous during the past 30 years. One key thing about countries that become more prosperous is that people generally like to live in more spacious homes with access to green space. It is an entirely worthy aspiration. I do not think that just because individuals no longer live in large or extended families, we should automatically say, "You're condemned to live in this type of housing." Flatted developments and sheltered housing will be appropriate for certain people towards the end of their lives, when they want to live in a smaller space because larger space becomes unmanageable. As the hon. Lady said, enlightened local authorities are providing incentives for people to move out of social housing that may be too big for them. The Joseph Rowntree Foundation made this discovery:

"People's least favourite type of development in their community is the high rise block."

Only 28 per cent. of people say that their preferred form of living is high-density city-centre living. There is clear evidence that the popular demand is for more space in greener cities and greener communities. That is the direction of travel in which housing should go.

Finally, because I have taken up far too much time, I have just a few questions for the Minister. First, we should all like to know where we are on progress towards a new statutory definition of overcrowding. Secondly, what new initiatives might we see from the Office of the Deputy Prime Minister to increase the supply of social housing and to ensure that it is of the right kind? Thirdly, as a general indication, has he considered the effect of regulation on the private rented supply?

Finally and perhaps most importantly, what will be done in the next few years to encourage development and to free up supply? In particular, does the Minister accept that when it comes to tackling the resistance to development in our country, it is not enough to belabour those who resist it? We must take them with us by understanding their concerns, so that we can address the pressing need, which I think everyone agrees we have, to deal with the problem of overcrowding, the health and education challenges that it poses us, and in particular, the challenge it poses us to ensure that our society is socially just and inclusive.

11.53 am

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): Miss Begg, it is a pleasure to see you in the chair presiding over this debate. I congratulate my hon. Friend the Member for Hackney, South and Shoreditch (Meg Hillier) on securing this important debate. As a fellow east London MP, she knows that I share the type of casework that she receives. I have close, first-hand knowledge of the serious problems that she raises, as the hon. Member for Surrey Heath (Michael Gove) acknowledged. I also associate myself with his generous tribute to my hon. Friend, as well as the welcome that he extended to the hon. Member for North Cornwall (Mr. Rogerson).

I welcome the characteristically thoughtful, well crafted and constructive contribution of the hon. Member for Surrey Heath. I hope to continue the debate in that spirit. However, the consensus seemed to break down towards the end, particularly when the hon. Gentleman was tested by some of my hon. Friend's questions about his party's financial commitment to the house-build programme that I shall outline. I believe from the Sunday newspapers that his leader is about to make a pronouncement about the new-build programme, so perhaps that was the reason why the hon. Gentleman was unable to supply as much information as might have been helpful. None the less, I am conscious that both Opposition parties have made a constructive contribution to the debate, and I welcome it.

As my hon. Friend the Member for Hackney, South and Shoreditch said, the statutory overcrowding standards have been with us for a considerable time—indeed, they have remained unchanged since 1935. Back in 1935, those provisions were considered very much reforming measures. The key motivation was to promote better health. Given the other social advances since 1935, overcrowding is now much less likely to indicate grossly insanitary conditions or a high risk of the spread of life-threatening diseases, notwithstanding the qualification of tuberculosis, as my hon. Friend mentioned. However, I recognise that overcrowding can still raise health concerns, bringing on stress, making the spread of infection easier, and increasing the risk of accidents in the home.

The Government do not defend the current overcrowding standards. They are very out of date. They discount sleeping in rooms other than bedrooms and they tolerate unacceptable degrees of sharing by children who, by any modern standard, are old enough to need their own space. That is why we took powers in the Housing Act 2004 to amend the standards, and undertook to consult on how the powers might be used. Some hon. Members feel that we have taken rather too long to consult, but we needed to consider the statutory standards in the context of our housing policies, and I shall explain how we are doing that.

Information on overcrowding under the 1935 standards is not collected systematically, but we believe that about 20,000 households are statutorily overcrowded. That is roughly 0.1 per cent. of households. The other measure is the bedroom standard, a long-standing statistical measure that is used in the English housing condition survey and represents the main source of data on

overcrowding. We know that 2.5 per cent. of households—just over 500,000 households—are overcrowded by that measure.

Both of those percentages are small, but I do not underestimate the impact on overcrowding upon those families, nor do I seek to diminish the wide variations that the figures conceal. For instance, overcrowding is more of a problem in London, where 150,000 households are overcrowded, of which 29,000 are severely overcrowded in the social rented sector. Overcrowding throughout the whole of London is 6.3 per cent. by the bedroom standard. Specifically in the social sector in London, it is calculated at 11.8 per cent.

Ethnicity, as mentioned by hon. Members, is also a significant issue. Within London's social rented sector, for instance, the rate of overcrowding is 7.8 per cent. for white households, but 17.8 per cent. for black and minority ethnic households. The highest rate of overcrowding by ethnic group in London's social rented sector is 29 per cent. among Bangladeshi households. They account for just 3 per cent. of all households but 10 per cent. of all overcrowded households in London's social rented sector.

My hon. Friend the Member for Hackney, South and Shoreditch raised the question of the Association of Local Government's 10-point plan on overcrowding, which has been welcomed by the Office of the Deputy Prime Minister.

Mr. Love: Before my hon. Friend reels off the estimates about overcrowding, may I inform the Chamber that according to the English house condition survey, more than 900,000 children are affected by overcrowding—about 260,000 of them in Greater London? Does he accept that if the Government are to achieve their ambition of halving child poverty by 2010 and eliminating it by 2020, action has to be taken on overcrowding?

Jim Fitzpatrick: I thank my hon. Friend for his comments. The whole House knows the work that he has undertaken on this subject over many years. He brings a great deal of expertise to bear on our proceedings. I fully accept his point about children and child poverty. The tone of this morning's debate and the constructive comments from all Members who have contributed reflect the all-party support for dealing with the matter as seriously, positively and constructively as possible.

I was talking about the ALG's 10-point plan. We understand that the ALG will finalise the report and publish its action plan in June. Obviously, the Office of the Deputy Prime Minister will consider it carefully.

My hon. Friend the Member for Hackney, South and Shoreditch referred to relations between the ODPM and the Treasury. She will know that we have doubled investment in social housing since 1997. Substantial progress has been made on cutting rough sleeping, getting families out of bed-and-breakfast accommodation, dealing with the repairs backlog that we inherited in 1997 and tackling the 2 million homes below the decency threshold. In addition, the numbers of new homeless are falling. Given all that, our priorities are to help people out of temporary accommodation and to deal with overcrowding, especially in London.

Over the next two years, the Government are investing nearly £4 billion in the Housing Corporation's national affordable housing programme to deliver 84,000 new homes—21,000 more than in the past two years. Of those, 49,000 will be new build social rented homes. That constitutes a significant increase in the annual supply of new social housing to help those who cannot afford to rent privately.

I heard what the hon. Member for Surrey Heath said and I shall return in a moment to the issue of the private rented sector. In particular, I heard what he said about people who oppose the rate of house building and our plans and about the need to take people with us. There is support for many of the Barker proposals, but there is also a lot of resistance in a variety of areas. The hon. Gentleman may have to accept ultimately that some people simply will not want to see development in their area. Obviously, a balance needs to be struck. We hope that we can take people with us because, as my hon. Friend the Member for Hackney, South and Shoreditch said, the number of extra homes that we will need, not only in London but throughout the country, is considerable—it is estimated at 4 million. Given the lack of new build in the past 30 years, we are having to catch up in a very short time.

Mr. Love: I join my hon. Friend the Minister in welcoming the new approach taken by Her Majesty's Opposition in recognising the difficulties that we face in delivering the housing required and in meeting the strict environmental standards that people want to be applied in their communities.

I want to press the Minister a little on the Barker proposals. As he outlined, the Government are increasing the supply of affordable rented accommodation, which is very welcome. According to the official statistics, about 10,000 additional units will be completed, yet the targets in the Barker report were for 17,000 to 23,000 additional units of affordable accommodation. I recognise that, under the current spending review, that will not be achieved, but I hope that the Minister will take back to the Department the fact that Parliament would like those Barker proposals to be implemented, as the Government have already indicated, under the next spending review.

Jim Fitzpatrick: I think, Miss Begg—I apologise, Mr. Hood; I did not see your arrival. May I, on behalf of all colleagues present, welcome you to the Chair?

My hon. Friend the Member for Edmonton (Mr. Love) makes a pitch for the Barker proposals. I hope to return to some of the Government's commitments later in my speech. If I do not cover the figures, I will write to my hon. Friend, but I think that they are included in my speech. As he suggests, the Barker report is fundamental to the Government's direction of travel. There is a commitment. My hon. Friend the Member for Hackney, South and Shoreditch raised the relationship between the ODPM and the Treasury. That relationship clearly involves dynamism. We are clear that we have to address the question that has been raised, and I will provide some reassurance shortly in respect of numbers and the immediate future.

My hon. Friend the Minister for Housing and Planning recently announced a new programme of work to deal with overcrowding and its impact on children.

[Jim Fitzpatrick]

We are increasing the proportion of new social housing with three or more bedrooms to be built in London from 27 to 34 per cent. in the 2006–08 affordable housing programme. My hon. Friend the Member for Hackney, South and Shoreditch welcomed that in her opening speech. We are building on the preventive measures that have been successful in reducing the number of new homeless families in London by 25 per cent. in the past year. We are encouraging London boroughs to make better use of cash incentive schemes and tailored support to help single people wanting to move out of larger accommodation and to help families to move to other areas where they can find larger homes. Against that background of specific measures, we shall consult in the next few months on the statutory definition of overcrowding.

As my hon. Friend said, there are examples of good practice. Hackney and Tower Hamlets are two of the local authorities that are hardest pressed in respect of overcrowding and they are seeking innovative solutions to assist their communities to have better housing conditions. I recognise that overcrowding is seen as a neglected problem, but it would be wrong to think that authorities have not been considering the issue or not reporting the contribution that overcrowding makes to the totality of housing need in their areas. All local authorities have carried out housing needs surveys, which included assessments of overcrowding. Those surveys, along with other data on housing needs, inform the assessment of the need for new affordable housing set out in authorities' housing strategies.

Part 7 of the Local Government Act 2003 puts the strategies on a statutory footing for the first time, because the Government believe that a robust strategy is essential to the delivery of local authorities' housing functions. Our guidance stresses the importance of addressing all relevant issues in housing strategies. One element of the strategy in respect of which the hon. Member for Surrey Heath requested information was private landlords' role and regulation in that regard. The Government agree that private landlords have a vital role. There are many good landlords, but there is also a lot of poor stock and bad management, as hon. Members know. The package of measures in the Housing Act 2004 addresses that. Responsible landlords and their associations recognise the need to raise standards.

The provisions may look like over-regulation, but we need to protect tenants as well as encouraging existing and new landlords. We think that our policies strike that balance, but we are always open to representations from any associations that believe that more can be done. I would also welcome anything that the hon. Gentleman for Surrey Heath might wish to contribute to the discussion and the solution or partial solution.

I return to overcrowding as a health and safety issue. My hon. Friend the Member for Hackney, South and Shoreditch may want to bear in mind that the new housing health and safety rating system, which will come into operation on 6 April, will enable local authorities to assess overcrowding as a potential health and safety hazard. The principle of the system is that authorities will consider what action to take to deal with health and safety hazards in dwellings on the basis of statutory powers and duties, supported by regulations and guidance. Authorities will have a number of options to deal with the hazards identified under the new system. Those options will range from mere notification of minor remote hazards up to prohibition or closure where justified.

That does not mean that overcrowding will disappear. It will not always be possible to establish serious health and safety risks from overcrowding, and the system will not deal with gender separation. None the less, it will bring crowding and space into the mainstream of health and safety issues relating to housing. Where overcrowding aggravates other hazards such as fire risk, strong action will be possible. In addition, the provisions in the 2004 Act for the licensing of higher-risk houses in multiple occupation, which will also come into operation on 6 April, will play an important part in ensuring safe conditions and adequate amenities in properties that, by definition, contain more than one household.

The hon. Member for North Cornwall raised the issue of the right to buy. I know of the suggestions that right-to-buy sales are eroding the stock of local authority homes, and the argument that the Government should reduce the maximum right-to-buy discounts available to tenants to reduce sales. The Government support the principle of the right to buy. It has helped many thousands of families to realise their aspiration to own their own home and it has helped to create many stable mixed-tenure communities. However, we were concerned about its impact on the availability of affordable housing in some areas and about exploitation of the rules. We therefore lowered maximum right-to-buy discounts in 41 areas under housing market pressure. We also changed the rules in the Housing Act 2004 to restore the scheme's focus on long-term home ownership and the building of sustainable communities, and to tackle exploitation.

We are keeping right-to-buy discounts under review and do not rule out further changes, but they must be targeted and proportionate.

Mr. Love: I thank my hon. Friend for being so generous in giving way during his speech.

The critical issue about continuing right-to-buy sales is that capital receipts should be reinvested in local housing to provide further accommodation. Will the Minister consider that and ensure that we continue to reinvest those receipts to provide more housing?

Jim Fitzpatrick: As a regular attender at ODPM questions in the Chamber, my hon. Friend knows that that matter has arisen a number of times during parliamentary questions and that a number of debates have been based on it. The assurance from the ODPM is that a number of initiatives are under review on how best to stimulate the housing market, including the new social homebuy and shared equity schemes, in addition to the new money that the Government are putting in and the building programme. The matter is very much to the forefront of the Government's consideration and I am sure that it will feature strongly in the 2007 comprehensive spending review.

On the educational impact, my hon. Friend the Member for Hackney, South and Shoreditch referred specifically to the impact of overcrowding on

educational attainment. The ODPM commissioned a review of the evidence and literature on the impact of overcrowding on education and health in 2004. That review, which was carried out by De Montfort university, identified only a few previous studies of the relationship between overcrowding and educational attainment and was thus unable to draw conclusions. However, the review concluded that such a relationship existed for both health and education and drew attention to a study carried out in Paris in 2003 which pointed to a strong relationship with education. It is worth noting that no single definition of overcrowding was used in the studies, but the review tells us clearly that the need to safeguard children's educational attainment should be in the front of our mind as we tackle overcrowding.

In conclusion, I do not believe for a second that I have satisfactorily responded to my hon. Friend the Member for Hackney, South and Shoreditch or to the hon. Member for Surrey Heath in that I do not have a magic wand to provide a solution to the problem that we all agree is clearly desperate for many thousands of families. However, I hope that I have reassured my hon. Friend that the Government are determined to bring overcrowding to the front of our mind in taking our housing policies forward.

12.12 pm

Sitting suspended.

Nursing Homes (Funding)

12.30 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): It is the first time I have spoken in a debate with you in the Chair, Mr. Hood, and I am looking forward to it. This week, three independent health watchdogs have highlighted concerns about the treatment of the elderly in our country. This topic is rather current so it is appropriate for us to debate it in the House today.

The objective of any civilised society is to treat the elderly with dignity and respect, but there are examples of the elderly being neglected and patronised in all parts of the country. This represents an ongoing battle that we must pursue and win. The Labour Government have done a great deal to help senior citizens during the last eight or nine years, and this is not an opportunity for me to have a go at the Administration. Rather, it is an opportunity to ask some questions that constituents have put to me because they feel strongly about the issue.

The Government, the national health service, local government and care homes are inextricably linked. They are all interdependent. I shall be interested to hear from the Minister what studies have been done of that link and how greater efficiency and care can be guaranteed. If we provide good care in nursing homes and care homes that gives peace of mind to senior citizens, how much will the NHS save in the long term? Many medical friends of mine confirm that stress can have a great impact on senior citizens and the illnesses that they can have. Providing them with a guarantee of long-term care in a nursing home would go a long way to preventing other illnesses.

I represent Shrewsbury, and many owners of nursing homes and care homes in Shropshire want the Government to listen to them more. They do a very good job of looking after people in Shrewsbury, but believe that the huge amount of regulations and red tape that have been foisted on them are having a major impact on the cost of running their establishments. They have to pass their costs on to their clients. I understand that the Government have a responsibility to set uniform standards across the country, but if the Minister were to come to any care home or nursing home in Shrewsbury, she would find that the standards were extremely high. I wish that we could give the owners and managers of care homes fewer targets and less red tape and allow them to get on with the job of running their establishments. The resulting costs are passed on to their clients, which is part of the problem.

I would like tax breaks for private companies to allow them to develop new care homes and for the training of their staff. Another of their major problems is that they cannot find enough staff to look after patients, so they have to spend a great deal of money on finding people and training them.

Constituents in Shrewsbury have been coming to my surgery in growing numbers to tell me of the financial headaches that they have in relation to this issue. Many of them, such as Mr. Cartwright of Shrewsbury, have had to sell their parents' homes in order to pay for long-term care. Once they have sold their homes, they then have to manage the assets, which are eked out over a certain amount of time to pay for the costs. Many

[Daniel Kawczynski]

constituents feel that such care should be entirely or partly funded by the NHS. This generation feels that the state—the NHS—is responsible and the Government should help.

People genuinely feel that they have paid taxes all their lives and that long-term care should be either partly or totally paid for by the state. That is a frame of mind that many people have and it is difficult to change it in the short term because people have high expectations. Later on, I shall talk about my generation of citizens and how we shall have to deal with the problem, but many of my constituents in Shrewsbury resent selling their homes at the moment.

Many people have worked hard and saved up in order to pass an inheritance on to their children. They come from an era after the war when many worked extremely hard and made huge sacrifices in order to make investments and buy homes that they could then pass on to their children. I am about to become a father for the first time, but I am not thinking about passing on my wealth to my children; I want to enjoy myself while I am still alive. However, the generation before us certainly felt that it wanted to save up and pass on money to the next generation. That is not possible if people have to sell their homes to pay for care.

Rural areas such as Shropshire are underfunded. I pore over all the funding statistics for the police, children in schools and social services. In every single funding table, Shropshire is right at the bottom. I know that it is a long way away from London and that it is a rural area, but as the MP for Shrewsbury, it really concerns me when I see Shropshire at the bottom of all the funding league tables. Ultimately, when there is a lack of funding, the emphasis on looking after the elderly falls on local authorities that simply cannot sustain such levels of expenditure.

I now come to my generation. We have to get people ready to deal with the situation. As a 34-year-old, I cannot totally rely on the state to look after my mother in 20 years' time if she needs care. I very much hope to be able to look after her in my own home, but not everyone can afford to look after their elderly relatives in their home as part of the family. My generation will experience this problem in 20 years' time, when our parents, who are now in their late 50s or early 60s, will be in their 80s. Taxation is going up significantly and young people are not saving as a result; they are also burdened by the high cost of buying their first home. From talking to young people in Shrewsbury, it seems that very few of them are saving at all. They are making little provision for looking after their elderly relatives. When I say this to people of my age, they look at me with a blank expression; it has not even registered that they should be taking out insurance or saving up to look after their parents in the future.

In the House, we tend to look at things as they are now, because we deal with problems that face us today, but I hope that the Government will consider the problem in relation to the future, because it is important that my generation should start to be more accountable.

The Government's role is to incentivise people of my generation to make provision for their parents, who will live much longer than people do now. Some of them will live to be 90 or even 100, by which time many will have eked out their savings and downsized their homes. My parents, who have retired, are going to sell their family home and move further away from London in order to release capital to pay for their retirement. When they are older, they will have even less to look after themselves than people do now.

The Government should look to partner people of my age in preparing themselves and their families for the future. I hope that the Minister can tell us what steps the Government are taking to provide tax incentives for people to make such provision. Various insurance companies are starting to do work in this field and to introduce proposals to protect people in the future.

The Government have introduced other major initiatives such as baby bonds. People might ask, "Why is a Tory trying to interfere in this aspect of society? Surely you should leave market forces to deal with it," but I say no. I feel passionately and compassionately about this matter. It is our responsibility to ensure that our parents and other people are looked after, particularly in 20 or 30 years' time, and that there is some form of private insurance in place, or that the state has looked into this matter with a view to providing a solution.

The most important point that I make today is about my constituents, many of whom have come to see me, such as Mr. Cartwright. Many of them—I am going back from my generation to the generation of today—are arguing with the Shropshire and Staffordshire strategic health authority and the ombudsman about who is responsible for paying for their relatives.

Mr. Cartwright's mother died two years ago, but he is, unfortunately, still going through the protracted and painful process of interacting with the local health authority and the ombudsman because he is convinced that his mother should have received free care in her nursing home. She did not. Everything had to be sold; all of her assets went and she was left, on the day she died, with about £250 in her account. Fortunately for her—I hate to say this—she died at the right time, because there was no money left to look after her. I would like the Minister to look into the case of Mr. Cartwright of Telford estate, Monkmoor, Shrewsbury, because he has suffered greatly.

Our fellow citizens—they are more than constituents—are going through an extremely traumatic battle of ping-pong between the ombudsman and their health authority, and they are not getting satisfactory answers to their genuine concerns. I know that the Government have to deal with hundreds of thousands of cases, but one reason why I asked for this debate is because one thing that a Member of Parliament can do is focus the spotlight on constituents who have faced trauma.

12.45 pm

The Parliamentary Under-Secretary of State for Health (Caroline Flint): I am pleased to take part in this Adjournment debate with you, Mr. Hood, and the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski), whom I congratulate on securing it.

The hon. Gentleman made several interesting points. He is right to draw attention to the shifting issues over a number of generations. When the national health service was introduced by a Labour Government—I am afraid

that the Conservative party voted against its creation—the health issues faced by politicians and health professionals were different to those faced today. People died a lot younger in 1945 and the following decades than they do in the 21st century. We welcome that, but it brings challenges regarding people planning for their future and the sort of care that they want and need.

The hon. Gentleman will know from his constituency work, as I do from mine, that the needs of older people vary enormously. The other week, I met a woman in her 80s who was active and fit, and lived independently in her own home, but I have also met people in their 70s who do not have her level of fitness and need a variety of care. There is no one-size-fits-all solution.

There has also been a change in the expectations of different generations as they get older. I was a little perturbed to hear someone on the radio use the term "elderly" to describe people aged over 50. That was somewhat ridiculous. The issue of what people expect is important. The expectations of my grandmother—she was born in the first part of the 20th century—and of my mother, who was born at the end of world war two, in relation to their lifestyles, perceptions and needs in their 50s, 60s and 70s, are very different to what I expect for myself and my children.

A good change is that people are less deferent and do not simply accept what they are offered. They now have some say in how services are provided. That is one reason why the Government have tried since 1997 to not only to look at nursing care homes—that very phrase conjures up a particular picture of older people living in those facilities—but to consider how services can be provided nearer to home by health services working with local authorities, and enabling people who choose to do so to live as independently as possible in their own homes or in family homes with others.

There have been dynamic changes in the provision of supported or sheltered housing. Technology has moved on to such an extent that older people can run their own lives knowing that there is someone catering for their needs. I pay tribute to what has been done in the constituency of my hon. Friend the Member for Hartlepool (Mr. Wright) with Housing Hartlepool. I recently visited Richard court, which has a 24/7 service whereby a resident can call a number and someone will be ready to answer their call and assist them with health-related needs, repairs or concerns about intruders or people causing problems in the area. Clearly, steps are being taken to provide various types of assistance such as supported housing and care within a home setting, and to use technology to meet people's needs as they grow older. That is absolutely right.

An estimated one in three women in Britain, and one in five men, will eventually need some form of long-term care. As the hon. Gentleman pointed out, the funding of such care is an issue that will touch many people's lives at some point. We have to deal with people who are in that situation, and with people and their families who are approaching such decisions. We must also consider younger people, who might not think about this issue, and what their needs will be 30, 40 or 50 years down the road.

It would be helpful at this stage to draw out some of the distinctions between nursing care and other support. Nursing care is care by a registered nurse, who provides, plans and supervises a person's health care.

In 2001, we delivered on the commitment set out in the NHS plan to remove the anomaly that residents of care homes did not automatically receive free nursing care as they would in other care settings. That was an important, positive and progressive decision by the Government and it ensured that 42,000 people now get nursing care free of charge from the NHS, when they would previously have had to fund it themselves. That is a clear change. I welcome the hon. Gentleman's recognition of the positive changes since 1997.

Charging for care is not new. People have always had to pay for or contribute towards the cost of social care. The National Assistance Act 1948 sets out the framework within which local authorities decide what people can afford to contribute. Capital assets and income, including the former home, have always been taken into account in making that assessment. That is nothing new; it was there at the start of the NHS and has influenced policy ever since. However, no one should be forced to sell their home.

Working with local authorities, the Government have recognised the opportunity and local authorities provide an interest-free loan secured against the property. That means that where the arrangements are appropriate, someone can keep their house even if they are in some form of residential care. However, as and when they die the council or the local authority has a claim against the cost of that individual's social care. That is a step forward.

Local authorities means-test whether people have to make a contribution. They have to give a direction of choice, with a variety of providers. When someone chooses not to opt for the local authority choice, there is also provision for them to consider something that suits their needs elsewhere. If they are eligible, the local authority will pay its part of the cost with the option of the person topping up the payments if they want a choice other than those it provides. Efforts have been made to consider how we deliver that.

I am pleased to say that in 2005 Shropshire county council moved from a two-star to a three-star rating for its services for children and adults. I am sure that the hon. Gentleman would agree that it is working to improve its services.

The other support available includes personal care—help to carry out personal activities such as bathing, dressing and undressing, eating and using the lavatory—and continuing health care for people who require the highest degree of support, where the NHS pays the entire cost of care, as it would if their care was being provided in an NHS hospital.

The past two decades have witnessed significant changes. In many respects, there used to be no choice. Care was provided in a long-stay hospital ward or not at all. Now, increasingly, people get intensive support that enables them to live independently in their own home. I think we would all agree that many people would like to have that choice, if it is appropriate.

The shift away from the acute sector has in many respects been positive, not least because it has enabled care to be delivered more appropriately and effectively. It is interesting how different practices are used in different parts of the country. Care has been delivered in a more homely environment, allowing people to maintain their independence.

[Caroline Flint]

As I said before, people have always had to pay for or contribute towards the cost of social care. Removing means-testing for care services would have profound and long-lasting implications. Personal care alone would cost an additional £1.5 billion a year, rising to an estimated £3 billion a year by 2020. Board and lodging would cost many more billions a year. There is a balance to be struck between providing nursing care free, as it would be in an NHS setting, and coming to an arrangement to pay for the personal care towards which someone in a different setting has to contribute. We have tried to consider systems that deal with that as smoothly as possible.

Provision of free personal care could divert resources from services that benefit all older and disabled people. The announcements made in the past year and in the Budget of free transport for older people, for example, have a cost, as does the winter fuel allowance. We have to come up with a package in which the Government play their role and take their responsibilities, but within that there is a challenge for individuals and their families to look at their own lives and plan for their futures.

I cannot answer all the hon. Gentleman's questions about tax incentives, but I shall be happy to pass them on to the Under-Secretary of State for Health, my hon. Friend the Member for Birmingham, Hodge Hill (Mr. Byrne), who is the Minister responsible. I hope that he will be able to write back to the hon. Gentleman.

Eligibility for NHS-funded continuing care has in recent years been the subject of much debate. NHS continuing care eligibility criteria were designed to identify those who have a primary need for ongoing health care, as distinct from help with the daily activities of personal care. That has proved to be problematic, not least for individuals and their families—I think Mr. Cartwright probably falls into this category—who could not understand why similar types of care were sometimes free and sometimes means- tested.

We are aware of the difficulties around the interpretation and application of the criteria and concerns about whether they have been too restrictive in practice. Individual court judgments of which the hon. Gentleman might be aware have provided some clarification of the responsibilities of the NHS and social services for long-term care, including the Coughlan judgment in 1999 and the recent Grogan judgment. We acknowledge that mistaken decisions about individuals' eligibility have been made in the past and we have asked strategic health authorities to review their eligibility criteria again following the Grogan case and to ensure that their eligibility and decision-making processes are lawful in the light of that judgment.

We have already announced plans to develop a national framework for NHS continuing health care to achieve greater clarity, transparency and consistency in making decisions. I will ensure that my hon. Friend the Under-Secretary is aware of the comments raised in relation to Mr. Cartwright's case. I cannot say that he will be able to intervene, but I will ask him to consider the case. It is clear from what the hon. Member for Shrewsbury and Atcham said that Mr. Cartwright is pursuing his case through the channels that the Government have set up.

We plan to consult publicly on the national framework soon. It will sit alongside a broader range of measures to improve the quality of care and provide a fairer system. We take the care of our older people seriously and, as the hon. Gentleman will know, this Government published the national service framework for older people in 2001.

One of the central pillars of the framework is the single assessment process, which is meant to ensure that the needs, wishes and perceptions of older people are placed at the heart of the assessment process and that the subsequent planning and delivery of services are informed by that. Linked to the assessment process is the fair access to care services guidance, which was issued to councils in May 2002 and implemented in April 2003. It provides councils with an eligibility framework for adult social care to use when setting and applying their eligibility criteria.

Extra care housing offers independence and choice to individuals to own or rent self-contained flats yet also have access to 24-hour support of the type that is provided in the constituency of my hon. Friend the Member for Hartlepool, as well as other services such as meals, domestic help, and onsite leisure and recreational facilities.

We have also introduced £185 million each year for the carers grant, which provides local authorities with the means to provide respite breaks and services for carers in England. We have introduced a performance indicator, which ensures that councils recognise that support for carers continues to be a priority for the Government. We need to build on that to improve health and well-being so that more people can remain independent in their homes, where appropriate. At the same time, we have to ensure that where that is not possible people in residential care settings are treated with dignity and respect. Not only the individuals but their families should feel fully supported by the care plans.

Such developments are leading to a more flexible pattern of provision of care, which can better respond to the needs and wishes of patients and their families. A record number of people are being supported to live independently and are being offered a choice of care and support when they leave hospital.

The steps that we are taking are improving the situation. We must continue to provide wider choices. This is not a debate that starts and finishes with a general election—

Mr. Jimmy Hood (in the Chair): Order.

Renewable Energy

1 pm

Ian Lucas (Wrexham) (Lab): It is a great pleasure to have secured this debate on my twin passions of manufacturing industry and renewable energy. It is a particular pleasure to have secured a debate under you, Mr. Hood, and to have the opportunity to speak to my hon. Friend the Minister for Energy on this important issue.

This has been an auspicious seven days for microgeneration. The Chancellor's announcement in last week's Budget of an additional £50 million in investment for microgeneration has been widely welcomed, even by Greenpeace, which said:

"The measures on energy efficiency and microgeneration are very positive and will help bring forward low-carbon buildings and a decentralised energy system."

That is high praise indeed from an organisation that has been one of the Government's most vociferous critics, and I am pleased that the Government have taken such positive steps.

At the outset, I should declare that I have a substantial constituency interest in microgeneration. Sharp, in my constituency, is one of the few United Kingdom plants manufacturing photovoltaic solar cells. It had been in Wrexham for about 20 years before it began manufacturing cells there in July 2004. Since its decision to invest in Wrexham and to show confidence in the work force there, it has been rewarded by the work force with a tripling of photovoltaic solar cell production at the factory. The site has therefore expanded and there has been real development in the renewable energy sector in north Wales. Indeed, north Wales is developing a reputation as something of a renewable energy hub. We have the North Hoyle offshore wind farm, and the planning stage has begun for Gwynt-y-Mor wind farm, which will produce energy on a much larger scale. I enthusiastically support that project.

In north-east Wales, we also have a strong tradition in manufacturing industry. That is very important in my constituency, where a quarter of the work force is employed in manufacturing. There are also historic energy links because the north-east Wales coalfield produced energy for many years and was part of the powerhouse that the UK economy was in the past. I want that energy production to continue in the new century, with microgeneration and manufacturing developing together to create new jobs and new potential in the north-east Wales economy. In the renewable energy industry, we have a huge opportunity to develop the UK's manufacturing base and we must seize it.

I am presently engaged in discussions with Wrexham county borough council and the Welsh Assembly to develop the use of renewable energies in Wrexham. We must use the fact that the town now has a reputation for producing manufacturing goods in microgeneration to ensure that the development that is taking place in the town uses renewable energy as far as possible. In that way, the town will become a showcase for the potential of renewables and demonstrate how the difficulties of global warming can be addressed.

As I mentioned, production of photovoltaic solar cells in Wrexham has tripled in less than two years, and there is huge and increasing demand for them, but they are largely being exported. As the Minister is aware, the biggest market for them in Europe is in Germany. For some years, the German Government have pursued an active strategy of promoting solar energy, and their successful 100,000 roofs programme is recognised to have caught the German public's imagination, encouraging individual householders to take steps to produce their own energy, rather than see it as something that is always produced far away by a large power station.

What is perhaps less well known is that the solar industry in Germany has been successful in promoting employment. Against the backcloth of the difficult employment situation in Germany over the past five years, photovoltaics have been a manufacturing success story. According to the Bundesverband Solarindustrie, 30,000 people are now employed in Germany in the production, distribution and installation of solar systems, with 20,000 employed in photovoltaic technology and 10,000 employed in solar heat technology. In the past year alone, 5,000 new jobs have been created in the booming photovoltaic sector, and it is predicted that as many people will shortly be employed in solar energy as in heavy coal mining. Over the past five years, turnover in the German solar power sector has increased by an average of 43 per cent. per annum and turnover for 2005 is predicted to be €2.7 billion.

Solar energy and microgeneration are therefore big business, and I am pleased to say that the United Kingdom is benefiting from the development of photovoltaics not only in Germany, but in other European economies, such as Spain and the Netherlands. The factory in Wrexham, for example, is exporting to those countries on a huge and increasing scale as their domestic markets develop. However, those who work in the UK microgeneration industry have been frustrated by the fact that development in our domestic market has been rather slow in comparison, and that is where the Chancellor's announcement last week can be so important. The energy White Paper set out the goals for energy policy, including renewables, but there has been confusion over the successor to the clear skies programme in the past two years. The announcement of the low-carbon buildings programme, coupled with the Chancellor's commitment to provide an additional £50 million in investment, is a real opportunity to get the development of microgeneration back on track.

I make a plea that the central focus of the strategy to take microgeneration forward should be not simply on the UK domestic market, but on the individual domestic consumer. Indeed, I sense that we are on the cusp of a large increase in demand for individuals to make their own contribution to the fight against global warming. In that respect, I must pay tribute to the excellent work of my hon. Friend the Member for Morley and Rothwell (Colin Challen), who has done so much to take forward the concept of individuals taking responsibility for their own carbon footprint. In my constituency, Sharp recognises that more work needs to be done on education and has committed itself to developing an education centre on the Wrexham site. It is encouraging

[Ian Lucas]

local schools and local industry to visit the plant and become much more aware of the potential of photovoltaics and of the way in which the industry can develop to provide a renewable base in the fight against global warming.

However, the Government must play a central role. In designing the new low-carbon buildings programme, they must commit to a real expansion of stream 1 funding to help make microgeneration accessible to the domestic consumer. The present proposed funding is £3.5 million, falling to £2 million in year two of the project and £1 million in year three. However, public demand is much greater and was about £4.5 million last year so, even at the present stage, public demand exceeds the fund's capacity to deliver. Given the Chancellor's announcement this week, it is important that we increase stream 1 funding to at least the level that is required to meet current demand. Indeed, I hope that we can increase it above that level so that future demand can also be met.

I also make a plea for simplifying the process of securing the benefit of grants for consumers. I confess that I speak as someone who downloaded the application forms for the clear skies programme around 18 months ago. Confronted with those long forms, which have sat on the corner of my desk since, I never got past the first page, which asked for the square metreage of my roof. I did not undertake to investigate that—I thought of sending my son up to check, but thought that somewhat reminiscent of chimney-sweeps in the 19th century. The forms are seriously intimidating to someone who is keen to invest in microgeneration. A straightforward system for individuals would be much more effective, so that they could ensure that they had easy access to microgeneration.

The cause is very noble. We are all committed to addressing the problems of global warming. We have heard the news on climate change in the past three days, which is of some concern. We need to establish that individuals have a responsibility to make a contribution. The Government need to put in place a system that will facilitate that. In addition, we can develop our own manufacturing sector in the industry. There is a real demand across Europe for microgeneration, which a company based in Britain is now meeting, although that demand is less within the UK.

Given the investment that the Government have put in place, we have an opportunity to create domestic demand in the UK. We have can demonstration projects but, even more importantly, individuals need to decide to join the fight against global warming. If they do so and if we create a strong domestic market, that will mean more employment in the UK in both microgeneration and manufacturing. I suggest that we should work firmly towards that worthy goal over the next few months. I hope that the Minister will be able to give me that commitment.

1.12 pm

The Minister for Energy (Malcolm Wicks): My hon. Friend the Member for Wrexham (Ian Lucas) should be congratulated on his sense of timing. Not only was there a useful Budget announcement on microgeneration, but today sees the publication of the climate change strategy and of our microgeneration strategy. His sense of timing should be commended to the England manager—I do not know whether my hon. Friend is a footballer, but we need more of that timing.

My hon. Friend raised important and interesting points about micro renewable energy in the UK, and the contribution of the photovoltaic sector in particular. We remain committed to micro renewable energy and to the development of a sustainable market for such technologies. We have demonstrated that commitment in support of the clear skies and PV programmes, which have made a considerable contribution to the development of markets for those technologies. However, we want to go further and create sustainable markets for technologies of that sort.

These programmes are due to finish at the end of this month, but they will be superseded, as my hon. Friend acknowledged, by the low-carbon buildings programme, which is due to start in a few days' time, at the beginning of April 2006. Although the current programmes have gone some way towards raising awareness of the potential of renewable energy, we still have some way to go. In November 2005, I announced a £30 million budget over three years, and the Chancellor added a further £50 million in his Budget statement, as has been said.

The low-carbon buildings programme was designed following a review of the UK's potential renewable energy resources that was conducted in 2004, the renewables innovation review. The review recommended that we continue to support the installation of photovoltaics and other small-scale renewables through a low-carbon building programme. The new programme will mark a significant change to current grant programmes as it aims to take a more holistic approach to reducing carbon emissions, by using innovative combinations of microgeneration technologies and energy efficiency measures.

Although there will be continued support for individual installations, there will be a shift in emphasis to large-scale developments. The focus on larger developments is designed to engage the construction sector more widely and to increase the take-up of microgeneration products in new build and refurbished developments. It is hoped that the change in focus will go some way towards constructing standard low-carbon buildings that can be more easily replicated.

The Department of Trade and Industry will be working closely with the Carbon Trust to develop that aspect of the programme, which will be important to ensure that projects deliver the low-carbon developments that we want. We aim to promote those developments in ways that clearly communicate the replicability, cost-effectiveness and appeal of low-carbon technologies. We also need to engage the wider construction industry in understanding the potential of microgeneration technologies and how to use such technologies, combined with energy efficiency measures, to develop buildings with low-carbon footprints.

We believe that the low-carbon buildings programme and the microgeneration strategy will provide a great stimulus to the microgeneration industry, building on what has been achieved over the past few years. The

microgeneration strategy will aim to tackle the non-grant barriers that have been hindering the development of sustainable markets for microgeneration technologies. One of the barriers has been acknowledged by my hon. Friend and, as by-elections are expensive, we need to prevent MPs from clambering on their roofs to measure square metreage. I am slightly shocked that my hon. Friend did not know the square metreage of his roof, but there we go. That is the sort of planning barrier that we need to overcome, and the Office of the Deputy Prime Minister is working hard with us on that strategy.

The need for improved information provision at all levels and the importance of a trusted accreditation programme for products and installers that can build confidence in the industry are some of the measures that we aim to take to raise awareness of such technologies and to build a sustainable market. Other areas that the microgeneration strategy will address are regulations and planning, and how they affect the development of the policy. The strategy will also look at the physical infrastructure, in terms of technical issues that need to be resolved with metering and the connection of microgenerators to the distribution network. My hon. Friend may have noted that the Chancellor has provided moneys in the Budget for the development of smart metering, so that people will be able to see the contribution that microgeneration is making to their electricity supply. Other issues that we need to consider are relevant to the photovoltaic and other sectors, and I commend the strategy to my hon. Friend.

Sharp contributes to the economic development of Wrexham. I understand my hon. Friend's point that we can now develop renewables as a major manufacturing industry or industries. I also take his points about the comparison with Germany. Under the PV programme, I understand that Sharp modules have been used on grant-funded work to the tune of more than £790,000 on household projects and more than £2.4 million on larger-scale projects. Let us be clear that Sharp and other companies will continue to benefit under the new programme and the wider measures that the strategy will seek to introduce.

I hope that my hon. Friend will agree that the new measures are good news for the PV industry. Although the new programme will not be a dedicated programme for PV—I know some have argued for it, and there has been some disappointment—the more holistic approach is important as it will provide ongoing support for the development of the market for PV.

That change of approach in the Government's support for the microgeneration industry builds on our past commitment to PV. We have committed £41 million to the major PV demonstration programme and the PV field trials since 2001, and we expect photovoltaics to be a significant technology in the new programme. We want to see the full potential of all microgeneration technologies being developed in the United Kingdom.

The photovoltaics sector also benefits from Government support for industry-led research and development through the technology programme. Research and development into PV technology is important on a global scale in order to reduce the cost of the technology—my hon. Friend will acknowledge, I think, that it is still relatively expensive—and we want the UK to play a full part in that. The most advanced microgeneration technologies and the emerging ones both have a part to play.

Ian Lucas: I am grateful to my hon. Friend for reassuring me about the commitment to microgeneration and photovoltaics. Will he consider the points that I raised on stream 1 funding, as I am a little concerned about engaging individual consumers? I note the shift of emphasis to which he refers; will announcements be made on the future funding of the different streams?

Malcolm Wicks: Yes, of course they will. My hon. Friend will realise that the £50 million has only just been announced. Some of that money will be for social-sector housing, and some of it will be for school programmes.

It is particularly important that we find ways to ensure that more schools have something to do with renewables, because although we still need to talk about technologies, we need also to win over hearts and minds. We want more of our children to work in schools where teachers can demonstrate how renewable technologies are working; it will help with the school's role in teaching them about the planet, geography, science and civics. Among other things, that will produce more potential customers for renewables in their own homes. We must not forget that among the greatest teachers of parents are the children themselves. We will be making further announcements about that.

I thank my hon. Friend for raising this important subject on a such a significant day for micropower and microgeneration.

1.22 pm

Sitting suspended.

Deaf-blind People (Technology Access)

1.30 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): It is difficult for those of us who enjoy the gifts of sight and hearing to imagine life without either, and impossible to imagine how we would cope. Today's short debate is about confronting the issues surrounding deaf-blindness and what society, the Government and Parliament can do to support deaf-blind people.

I pay tribute to Sense, the charity that supports deaf-blind people, and its 2005 report "Make Technology Work", which brought this key issue to the attention of the public and Parliament. I also recognise the contribution of many private sector companies in supporting deaf-blind people with technology. British Telecom has a long-standing tradition of providing assistance and assistive products to people with sensory impairments. I should also mention Ofcom: following the introduction of the Communications Act 2003, it did a great deal of work to encourage accessible electronic communications equipment.

Thankfully, relatively few people are deaf and blind; 23,000 people—fewer than 25 per constituency—are registered for both disabilities in the UK. That figure is small compared with the 378,000 registered as blind or partially sighted and the 8.9 million registered as deaf or hard of hearing.

Of course, very few people are completely deaf and blind; most have some residual sight or hearing. Some people are born deaf-blind as a result of maternal rubella, although thanks to vaccination that is very rare. Some genetic conditions such as Usher syndrome lead to deaf-blindness from late adolescence and people can become deaf-blind at any time through meningitis or accident. However, increasingly, age-related conditions result in sight and hearing loss, and those who already have a sight or hearing problem are particularly susceptible to dual loss later in life. It is therefore important that in responding, the Minister recognises the importance of supporting measures that can assist a wide spectrum of people with hearing and sight difficulties, and not simply the 23,000 registered as deaf-blind.

Remarkable breakthroughs in medical science have helped prevent deaf-blindness, and they will continue. Last week, the Chancellor announced that the Medical Research Council and the NHS research initiative will combine. That will make huge inroads into some of that work. However, today's generations of sufferers look to technology for support.

All of us—certainly those in this Chamber—use technology every day. For deaf-blind people, access to technology can be a matter of life and death. Research by Sense has shown that most deaf-blind people use assistive equipment, although sadly, about half of those surveyed have difficulties using the very technology that is there to help them. Many such problems are caused by manufacturers' lack of understanding of the needs of people with sensory impairments, and some of the difficulties could have been avoided if such needs had been considered carefully at the design stage.

Deaf-blindness is a low-incidence disability, meaning that there is low demand for some types of assistive equipment. That causes two problems: there is limited incentive for manufacturers to make such equipment, and it can be expensive to produce. Some of the equipment that deaf-blind people rely on, such as Braille clocks, vibrating light probes and sound monitors, is no longer available. That means that users who have got used to that technology often cannot get their equipment repaired or replace it if it stops working.

Low demand means that the market alone will never deliver accessible technology to this vulnerable group; intervention is needed. However, the legal situation is complicated. For instance, manufactured goods are excluded from the Disability Discrimination Act 2005 because they are regulated in Europe and not in the UK. It is ironic that someone with a sensory impairment can sue a retailer under the 2005 Act for refusing to serve them in a shop, but has no redress if none of the equipment on sale in the shop is accessible to them. That cannot be right.

Even when equipment is accessible to deaf-blind people, manufacturers are not obliged to produce instructions in accessible formats. Even the simplest equipment can cause huge difficulties for deaf-blind people. Hearing aids are vital for most such people; however, having a visual impairment makes hearing aids more difficult to use. Changing the battery in a hearing aid can be problematic for a person with low vision, because the battery and its chamber are so small; if the battery rolls away, it can be almost impossible to find. The hearing aid itself can be dropped, and for a person with hearing loss and poor vision, dropping a hearing aid on a patterned carpet can ruin a whole day. They would not be able to see the aid, nor hear where it fell. How on earth would they find it?

Television is a vital source of information and entertainment for most deaf-blind people and subtitling and audio descriptions are making an increasing proportion of programmes accessible. However, remote controls with rows and rows of small buttons with tiny writing can be difficult to operate. I confess that I—let alone somebody with sight and hearing problems—find them difficult to use. The on-screen menus used to operate some set-top boxes, video recorders and DVD players are inaccessible to many deaf-blind people. The colour scheme and fonts used can make them difficult to read, and there is no sound output.

Technology is of greatest use to deaf-blind people if it helps them to be independent when they are out and about. Take the case of Jim Hines, who is totally blind and has severe hearing loss. Last year, he had been away from London for a few days and was returning on the evening of Thursday 7 July; he knew nothing about the bombings. On arrival in London, he discovered that there were no tubes, buses or taxis at the station. Jim said:

> "I didn't know what to do. Because I don't have a mobile phone, I couldn't call for a taxi or for a friend to pick me up. I ended up standing on the pavement outside the station all night, wondering what was going on. It was one of the most confusing and frightening situations I've ever been in."

Jim finally got the tube home on Friday morning. Only after arriving home did he learn what had happened. His friends and family had been trying to contact him. They had rung the casualty bureau, but he was not listed; one

can imagine what they thought. Had Jim had a Braille mobile phone with SMS, he could have saved himself and his family huge anxiety, but such phones cost £3,000 and such technology is out of the reach of most deaf-blind people.

What can the Government do? First, let me acknowledge that the Government are doing some innovative work. I particularly compliment them for the initiative to provide tactile internet access for deaf-blind people and the £500,000 research programme that was led by the Defence Evaluation and Research Agency. Ability to use the internet can bring significant benefits for people with sensory impairments, and the translation of palm signing into internet communication through an interactive mouse may well revolutionise communication for deaf-blind people.

It would be interesting to hear from the Minister what other areas of research are planned by his Department. I acknowledge that it would be difficult for the Government to intervene in the commercial technology marketplace, but they have the chance to intervene through public procurement. That would have the twin effect of setting high standards for quality and accessibility and bringing costs down. For example, 700,000 people have now received digital hearing aids through the NHS, at a cost to the public purse of £65 to £75 per aid. Before the aids were available through the health service, people were paying up to £2,000 per aid privately. However, the excellent procurement arrangements organised by the Government need to be supported by reducing the unacceptable waiting times experienced in many areas of the country.

Perhaps the Minister will make a commitment today to include audiology, from GP referrals to the fitting of digital hearing devices, in the 18-week target for PCTs. If it is not included, we may well see that crucial service slip down the priority list as other funding pressures emerge. Perhaps he will go a step further, by reassuring the audiology service that recurring funding for service and replacement will be built into baseline budgets this year. Some £38 million was expected to go into routine audiology, but as yet there has been no commitment by the Department of Health.

The success of the Government's public procurement of digital hearing aids will hopefully give them confidence to seize other important opportunities on behalf of deaf-blind people. The mass distribution of set-top boxes to older and disabled people for the purposes of digital switchover is such an opportunity; it is a key one. That must not be a project just for the Department for Culture, Media and Sport but one in which the Department of Health plays a crucial role at the design stage. Digital broadcasting will open up huge opportunities for deaf-blind people, but if accessible technology is not built into the set-top boxes they will be lost. Will the Minister say what steps his Department is taking to influence the design of set-top boxes for the digital switchover?

Another opportunity for the Government to help stimulate demand for accessible technology is the new public sector duty to promote disability equality. Public sector bodies that are procuring equipment should undertake a disability equality impact assessment. Will the Minister tell us how the Government are monitoring that new public sector duty and what steps he intends to take to ensure that deaf-blind people receive appropriate assessment for, and advice about, technological aids by appropriately trained staff? That should be happening under his Department's guidance, but clearly it is not. The Sense survey found that 30 different types of professionals carried out assessments, ranging from therapists to social services staff. A simple step would be for the Minister to issue guidance on what qualifications assessors should have.

Sadly, the Government do not have direct responsibility for the regulation of manufactured goods and the issue of accessible technology; it is the responsibility of our friends in the European Parliament. However, I hope that the Government will make clear their representations in that key area. After all, a misunderstanding of the controls on a cooker can have disastrous effects for any of us, but for a deaf-blind person the problem is acute. Relatively simple universal tactile instructions on appliances such as cookers, ovens, washing machines and mobile phones would solve a great many of the problems, as would a legal requirement to make instruction booklets available in a format that could be used by deaf-blind people.

Despite the concerns of many deaf-blind people about the suitability of existing technology, many responded to the Sense survey in a positive way; whether we are talking about the use of Mobile Magnifier for mobile phones, the cordless telephone or the easier to read flat-screen TV, it is clear that where manufacturers design products with the deaf-blind in mind there is a great deal of satisfaction. Those products can be used by a wide range of other people. There was even praise for some manufacturers. Zanussi offers a simple Braille replacement for the front of its washing machines. It is a simple piece of technology that enables the machines to be used by a wide range of people.

Technology is improving all the time, but the fast pace of change also means that some deaf-blind people fear being left behind. The trend is for smaller pieces of equipment with more functions, and for more and smaller controls. Deaf-blind people are worried that the assistive equipment they own will quickly become out of date and that they will be unable to afford the high price of new equipment. Technology is vital for deaf-blind people, as it is for many of us. Our role as parliamentarians is to ensure that we work with the Government to ensure that their voice is heard.

1.44 pm

The Parliamentary Under-Secretary of State for Health (Mr. Liam Byrne): It is pleasure to serve under your chairmanship again, Mr. Hood; I did so previously on the European Scrutiny Committee.

I congratulate the hon. Member for Harrogate and Knaresborough (Mr. Willis) on securing this important debate. I know that he has taken a keen interest in the subject of inclusive education for children. His commitment to ensuring that children with disabilities—particularly those with severe learning disabilities—have the chance to enjoy mainstream education is well known and much appreciated by Labour Members. I join him in paying tribute to Sense, which during my short time in Government has provided tremendous support and advice to me. I have much appreciated that.

Before I address the specific issue of this debate, I shall make a few opening remarks about the changing nature of this country's population. Tremendous advances

[Mr. Liam Byrne]

have been made in the health service over the past six or seven years, which is not an accident; such advances have occurred because we have doubled the amount of money that has gone into it. As a result of the extra 100,000 staff who have been hired and the falling waiting lists, life expectancy has increased and infant mortality rates have decreased. This year, England has the lowest infant mortality rate in its history. Those medical advances and the advances in care and the national health service mean that more children will survive for longer, including many with severe learning disabilities.

Although the hon. Gentleman is right to say that advances in medical science mean that conditions such as deaf-blindness may in future be on the decrease, the number of children with complex disabilities surviving into adulthood may increase. The health and the care systems need to change to take account of that.

There are great opportunities to use technology to ensure that those individuals are able to live life to the full in future. I think that it was Albert Einstein who, at the beginning of the cold war, said:

"It has become appallingly obvious that our technology has exceeded our humanity."

Over the next few years we have the chance to reverse that aphorism, because technology will enable many people to fulfil the full potential of their humanity. For that to happen, it is vital that public services are reformed so that public servants who are responsible for delivering them have the freedom and flexibility to combine together in new ways to improve them.

The hon. Gentleman will know that our new White Paper confirms the vision set out in the social care Green Paper "Independence Well-being and Choice: Our Vision for the Future of Social Care for Adults in England" and sets out practical steps to turn that vision into reality. We talked about the need to bring far more personalised services together by improving assessment, for example by introducing individual budgets that bring five or six different income streams from across Government together in one care account for the individual to spend as they see fit. Supporting healthier, independent lives through a proper risk-management framework will be important, as will a much stronger emphasis on preventive services in the future.

Key to all of this is ensuring that the national health service, social care and other local government services, in particular housing, are orchestrated together in a completely new way. That better integration involves thinking holistically about the needs of the individual, rather than simply questioning their eligibility and finding ways to deny them service. This agenda is about empowerment. That personalisation is about listening to individuals, recognising their ability to determine what they need and then delivering the sorts of services that are necessary to them.

I want to highlight the things that we hope to sweep away, one of which was highlighted by the Commission for Social Care Inspection report "Real Voices, Real Choices" that was published this week. It stated:

"The NHS Audiology department tends to provide information about physical and health related matters, rather than social and emotional aspects of deafness. It should be able to recognise and help with all aspects."

That is exactly the sort of problem that we want to address by bringing the health service and the social care system far closer together.

This is not a trivial ambition; it is about something important. In the past seven years we have delivered the longest period of uninterrupted economic growth ever known in this country. More people are in work than ever before and we have created a couple of million new businesses. This society is far richer in opportunity, but the challenge is now for us to ensure that everybody in the country has the chance to flourish to the full, irrespective of their background or ethnicity, where they live or what circumstances they have encountered in life.

We know that disabled people are less likely to be in full-time education or in work. They are more likely to feel a lack of confidence and a lack of support. The reasons behind that are not straightforward, nor are they always related to somebody's health impairment or health condition. Attitudes in society play a significant part. How we structure our services for disabled young people is crucial. That is why the extension of the disability discrimination legislation, the establishment of the Disability Rights Commission and changing the ways in which Jobcentre Plus and Connexions work are very important. Those are ambitions that were encapsulated in our 20-year strategy set out in the "Improving the life chances of disabled people" report. Its aim is very simple but also very powerful: to ensure that disabled people will be given the maximum opportunity to fulfil their potential.

I shall talk about some of the necessary practical steps, and respond to some of the important points raised by the hon. Gentleman. First, we know that working together at both central Government level and local level is essential. That is why we set up the Office for Disability Issues, to act as a bridge between Departments at the centre by creating the mechanisms to ensure that they work together more effectively. That is not just to do with health and social care issues; it is also to do with matters handled by other Departments, such as trade and industry. The work of the Department of Trade and Industry has an important bearing on this agenda.

Examples of how that joint working manifests itself are already coming through. We are supporting services at the local level—for example, by working with a wide range of groups to develop revised eye care pathways. In addition to the certificate of vision impairment, we have developed two new documents for use in hospitals and on the high street to facilitate easier access to support services prior to certification. Why is that important? One reason is that it will help social services identify people who need support in a timelier manner, before they lose independence and confidence.

Another key way to deliver change is through changing the work force. That is why I am glad to be able to say that the Department of Health is working with the Guide Dogs for the Blind Association—in collaboration with other employers—on a project to redesign hybrid rehabilitation functions in work with visually impaired people. Also, Skills for Care and the Children's Workforce Development Council are managing pilots to look at work force reform. It is important to ensure that there are new kinds of worker

with different sorts of skills because, as the hon. Gentleman highlighted, the problem of assessment is sometimes difficult.

We are backing these ambitions with significant sums of new investment. If we combine the amount of money that is going into the health service over the next two years with the extra resources going into local authorities, the total sum is somewhere north of £20 billion. That represents a significant step up in available resources, and I am proud to be able to say that it includes £80 million for the preventive technologies grant, which comes on stream in a few days; local authorities will have the flexibility to invest in a range of services. We have looked into procurement arrangements as part of the planning for the spending of that grant, and I will ask Department officials to examine how issues around deaf-blindness have been considered in the development of guidance for the spending of the money, because that could provide an important opportunity over the next one to two years.

There is strong international evidence that we can improve the quality of care through technology. The hon. Gentleman asked about that. The new and emerging applications of the technology programme cover all areas of health and social care; there is a budget of about £1.2 million to develop new and innovative uses of technology. In addition, the annual budget for the health care technology development programme is £2 million. The remit of that programme covers novel information technology that looks into how there might be significant improvements in the performance of health care technologies. Recently funded projects include many of direct relevance to disabled people, such as speech-driven environmental control systems, stair-climbing and walking aids, which are very practical applications. For a number of years, the policy research programme has provided a horizon-scanning role in relation to developments in information and communication technologies. All of these things are important, but unless they are translated into front-line practice, they will be of little benefit to the 20 to 25 people in each of our constituencies who might be deaf-blind.

We have said that we expect the directors of adult social services in every part of the country to work in partnership with a range of agencies, including children's services, and health, housing and transport organisations, in order to examine what are the strategic needs of every community. We will provide guidance on how that exercise should be best performed. We expect directors of adult social services to work hand in glove with directors of public health to make sure that there is a shared understanding of the needs of different groups in every community. I said to the House a week or two ago that, given the number of people with sensory impairments in this country, we would expect such strategic needs assessments to take good account of those needs.

One of the reasons why that is important is that we will expect local authorities to ensure that adequate arrangements are in place for people with sensory impairments or other disabilities to be able to access services in the first place. Often, those barriers to access are among the most difficult hurdles for people with disabilities to leap. To ensure that there is this emphasis on service access, the Department of Health is working closely with the Disability Rights Commission. We have jointly produced leaflets—such as "You can make a difference: improving hospital services for disabled people"—for front-line staff in both primary and secondary care. They are important because they explain, and give practical examples of, the ways in which front-line staff can meet the access requirements of the Disability Discrimination Act 1995. We are also ensuring that all health and social care staff are aware of the needs of disabled people. The Department of Health and the DRC are producing a comprehensive education and learning programme, which will be available later this year.

My final point is that, as we set about undertaking this process of public service reform over the coming years, it is important that change is not just drawn up and designed in Whitehall—or even in the House. Instead, we should listen to the voices of people who need the services as we think about how they should be configured. The CSCI is doing that by involving people who use such services in its inspection process. Its report "Real Voices, Real Choices", which I referred to earlier, considers the qualities people expect from care services and how that feeds into the inspection processes. It spoke to people who use services, and, importantly, it also spoke to their carers—there are 6 million carers in this country—and those who represent them. What it found was something that we all probably know in our heart of hearts, because it is simple: people want choice and flexibility in respect of services, as well as creative problem solving, and they also want information that is available at the right time. In other words, they want to be treated with respect by a system that is fair, and which has the capacity to treat them as grown-ups and to let them, where appropriate, take risks.

We emphasised all those messages in the Green Paper on adult social care and in the White Paper. They reflect what people tell us time and again, and we must now translate that into action, in order to make a genuine difference to people's lives.

Question put and agreed to.

Adjourned accordingly at two minutes to Two o'clock.

Westminster Hall

Wednesday 29 March 2006

[MR. JOE BENTON *in the Chair*]

Ambulance Service (Staffordshire)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Dhanda.]*

9.30 am

Michael Fabricant (Lichfield) (Con): On a point of order, Mr. Benton. I am sorry to interrupt proceedings.

Today, a written statement is due from the Department of Health on the proposed changes to the configuration of strategic health authorities, ambulance trusts—the subject of this debate—and primary care trusts. This morning, I went to the Library and found that it has not yet been deposited. Before the end of this debate, will the Minister make that written statement available? It may have a bearing on the subject of this very debate.

Mr. Joe Benton (in the Chair): Strictly speaking, that is not a matter for the Chair. If the Minister chooses to comment, I shall allow that. However, we must proceed pretty quickly.

The Minister of State, Department of Health (Ms Rosie Winterton): I shall certainly make inquiries about when the written statement will be placed in the Library. I shall report back to the Chamber on that.

9.31 am

Mrs. Janet Dean (Burton) (Lab): I am pleased to open today's debate under your experienced chairmanship, Mr. Benton. This opportunity to discuss the success of the Staffordshire ambulance service, and the concern of all who live in Staffordshire that our excellent service should be retained, is timely, given that last week saw the end of the consultation period on the reconfiguration of ambulance services.

During the past few months, there has been much activity aimed at ensuring that my hon. Friend the Minister and her colleagues in Government are aware of the desire of Staffordshire people to ensure that our superb service is retained. My hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins) secured a debate on that issue in Westminster Hall in November. There have been other debates on the issue, as well as questions, early-day motions, petitions and meetings with Ministers, including the Prime Minister.

I am pleased to see so many Staffordshire Members here. I understand that the hon. Member for South Staffordshire (Sir Patrick Cormack) would have been here but for a previous engagement. My hon. Friend the Member for Stafford (Mr. Kidney) has a constituency engagement, but tells me that he spoke to Lord Warner in advance of today's debate.

Through representations and the large number of responses to the consultation, the Minister will be aware of the strength of feeling among people in Staffordshire, who believe that nothing should be done to undermine the first-class ambulance service that we enjoy. Indeed, we would like the achievements of Staffordshire to be echoed around the country.

Staffordshire has the best response times and resuscitation standards in the country. We also have the most economic service. Staffordshire's results are not just the best—they are outstanding. In the early 1990s, changes were made by Roger Thayne, the chief executive of the Staffordshire ambulance service. The first ambulance station proposed for closure was in Uttoxeter. That brought opposition, not least from me and other councillors. The system that was introduced positioned ambulances around the county according to the demand predicted on the basis of how the service had been used historically. However, without the introduction of community paramedic officers, piloted in Uttoxeter by Neil Phillips, such areas of the county could have had worse protection, although overall response times would have improved with the new system.

Staffordshire's powerful results come from a combination of policies. The command and control software programme VisiCAD has allowed extremely accurate predictions to be made about the likelihood of an emergency call emanating from a certain area at a particular time of day or day of the week. The process is known as system status management. Ambulances can thus be placed to meet demand, and community paramedic officers operating in cars are positioned strategically around Staffordshire, sometimes using new ambulance posts.

Some of the more rural areas of the county could never hope to have ambulances or community paramedic officers based close enough to reach emergencies in eight minutes, so Staffordshire ambulance service developed community first responder groups. There are now 17 such groups of volunteers in the county. I am very proud of the Mayfield and Ellastone first responders, who serve the residents in the northern area of my constituency, and the Abbots Bromley first responder group, which covers the area of my constituency that borders that village.

Recently, I had the pleasure of presenting a petition from the people of Mayfield and Ellastone in support of their first responder group. It called on the Government to guarantee the high standards of medical care enjoyed at present and to ensure that the community first responders would be allowed to continue to attend all the types of incidents that they attend now, without any reduction in the drugs that they are empowered to administer or in the equipment that they are allowed to use to help patients or to protect themselves. The petitioners also asked the Government to exclude Staffordshire ambulance service from the proposed reconfiguration programme until such time as its high standards were matched across the remainder of the proposed west central region.

Staffordshire is not unique in having volunteer community first responders, but ours are far better trained and empowered than those in other parts of the country. In Staffordshire, community first responders are not first aiders with a defibrillator; they are trained for nine months to the level of accident and emergency ambulance technicians. Mayfield and Ellastone first responders have two fast-response vehicles, one of

[Mrs. Janet Dean]

which was recently purchased at a cost of £31,000. Half that sum was raised from the local community, the rest from grants.

The first responder groups in Staffordshire, all volunteers, provide cover 24 hours a day, seven days a week, 365 days a year. They are allowed to attend any emergency to which an ambulance would go, and use blue lights and sirens, as do full-time crews. They are allowed to administer oxygen and drugs such as glyceryl trinitrate, aspirin, adrenalin and glucagons. Indeed, I understand that the volunteers in Staffordshire are able to use more drugs than some ambulance technicians in other ambulance trusts.

The Mayfield and Ellastone first responder group has attended more than 700 cases in three years. Those first responders are understandably proud of what they do and do not want to lose any part of their role. They want to continue to treat people of all ages, including children, in all emergencies. I am aware that other ambulance services have adopted different aspects of the systems and practices used by Staffordshire ambulance service, and no doubt Staffordshire will be able to learn some things from other services. However, Staffordshire's results are so outstanding that I believe that its service should be used as an exemplar for others.

A combination of innovative measures such as the use of system status management, community paramedics and community first responders and clot-busting drugs has produced such outstanding results. The people of Staffordshire believe that lives will be lost if the county's ambulance service is forced to join a west midlands service. They understand that a rate per 1 million of the population of 231 returned to spontaneous circulation from cardiac arrest and maintained to hospital compares exceptionally well with the NHS average of 52.

Given such results, the Minister will understand why there is so much concern in Staffordshire and why people there will not accept any change that worsens their service. Having taken on responsibility for out-of-hours care, Staffordshire ambulance service is also leading the way in bringing health care to the patient. Staffordshire is successfully treating nearly 50 per cent. of all emergency patients in their own homes, significantly reducing pressure on the local accident and emergency and other hospital services.

I know that the Minister wishes to raise standards in the ambulance service—indeed, throughout the health service—to the best possible level. However, that cannot be achieved at this time through the amalgamation of Staffordshire with the other services in the west midlands.

Take the protocols that the ambulance service adopts for community first responders. At the public consultation meeting held in Burton upon Trent, no guarantee could be given by the representative of the strategic health authority that Staffordshire's protocols would be adopted by any new west midlands-wide service. There would be a tendency to dumb down, so that other ambulance services could meet the requirements of the protocols. Similarly, the use of system status management could not be introduced overnight in areas outside Staffordshire, so the two systems—the traditional one and Staffordshire's system status management—would not mix.

I urge the Minister to consider a way forward that will protect our service in Staffordshire while offering more collaboration between Staffordshire and the rest of the west midlands service. There could, for example, be some shared back-office services. However, I firmly believe that Staffordshire ambulance service should remain operationally independent until such time as it can be guaranteed that the protocols and management system used in Staffordshire will be maintained in a merged regional service. In order to remain independent it will be essential for there to be separate boards.

If Staffordshire ambulance service is allowed to remain outside the merged service in the west midlands at this time, there could be a period of working towards a fully merged service. Staffordshire could join in with the new ambulance radio technology, while, of course, retaining the Staffordshire control room. That is essential to maintain the use of medical advice, which is an integral part of the management system.

Staffordshire would, of course, retain its current operation management system and the community first responders would operate with their current protocols. There could be collaboration between Staffordshire and a west central ambulance service in the development of SSM throughout the region, as well as in clinical audit and the evaluation of patients' experiences.

I hope that Ministers will accept the pleas from Staffordshire and allow its ambulance service to remain independent at this time. It would be possible to set a date for a future review—for example, 2010—or to accept that it should be left to both boards to come forward if they felt that amalgamation were right.

It has been said that the result of the consultation is a foregone conclusion. I was saddened by the decision of Roger Thayne and his deputy, Dr. Anton van Dellen, to resign from the Staffordshire service and to take up positions in Wales. However, I believe that the Staffordshire system that they have developed is strong enough to continue with new senior management.

I know that the Minister will not be able to announce any decision today, but I hope that she will be able to take away my suggestions and those of my colleagues about a way forward that will show that the voices of Staffordshire residents have been heard by Government.

Several hon. Members *rose—*

Mr. Joe Benton (in the Chair): Order. Before I call the next hon. Member, may I remind everyone that the debate lasts for an hour and a half? On such an important subject, I hope to be able to call everyone who wishes to speak. Therefore, I ask hon. Members to try to keep their remarks as brief as possible.

9.42 am

Michael Fabricant (Lichfield) (Con): One of the charming things about Staffordshire is that its Members of Parliament, regardless of party, often agree on what they think is best for their constituents. All 12 of its Members of Parliament, of which nine are Labour and three are Conservative, are unanimous in their

agreement that the Staffordshire ambulance service provides a uniquely powerful service that saves lives in England and in our county. As the hon. Member for Burton (Mrs. Dean) said, we strongly believe that if it is merged with the west midlands service, the service in Staffordshire will be diminished; it will be done down to a lower common denominator.

I congratulate the hon. Lady on securing the debate. As she says, it follows up a long series of debates and meetings on this subject with Ministers and the Prime Minister. We feel strongly that there will undoubtedly be blood on the Government's hands if the Staffordshire ambulance service is not allowed to continue as it is.

The hon. Lady pointed out a statistic on resuscitations. On a rate per million of population, 231 recover from heart dysfunction in Staffordshire compared with a national average of 52. What she did not say was that in the west midlands, with which the merger is being proposed, the corresponding result is even less than 52; it is only 48. By some quick arithmetic, that represents a factor of roughly one fifth. In other words, if someone has a heart attack in the west midlands, they have only one fifth of the chance of surviving of someone who has one in Staffordshire.

I will not rehearse arguments that I have presented in other debates. Friends of mine, who both they and I thought were extremely fit, have had sudden heart attacks and have been rescued by the Staffordshire ambulance service coming to their door. It has a response time of just four or five minutes. The service has paramedics, defibrillators and other equipment, and decoagulant clot-busting drugs, which are used to save lives. Those friends of mine are alive today, and I have no doubt that if such situations had occurred in the west midlands that would not have been the case.

The response times in Staffordshire are tremendous. The Government rightly specify that for a 999 call in a life-threatening situation the ambulance should arrive within a response time of eight minutes. Staffordshire ambulance service achieves that 88 per cent. of the time. In the west midlands the figure is only 75 per cent. of the time, and its service is not always equipped with defibrillators, paramedics and the drugs that are needed to save lives. In the less serious type of emergency call, the response rate within eight minutes in Staffordshire is 85 per cent., compared with just 46 per cent. in the west midlands.

We all believe that if the Staffordshire ambulance service could merge into a larger regional service and maintain its standard while bringing everyone else up to that standard, that would be a good thing. The problem is that none of the professionals believe that is possible, which was one of the main reasons why Roger Thayne, the chief executive of the Staffordshire ambulance service, resigned. He just felt that standards would be lowered in Staffordshire. I have not met a single professional in the national health service who believes that Staffordshire would not be affected by the changes.

Given the United Kingdom's first-past-the-post system, which I support, our duty is to our constituents. My duty is to the constituents of Lichfield. The duty of all of us who are present today is to the constituents of Staffordshire. I cannot think of a more important thing than ensuring that when they fall ill, they are rescued and treated, and that lives are saved in the best possible manner. We can rejoice in the fact that the Staffordshire ambulance service enjoys the best response times not just in the United Kingdom, but in the whole of Europe. To damage that state of affairs would be appalling and there would be blood on the Government's hands.

I admire the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman). I remember that in 1994 or 1995, when things were going wrong for the John Major Administration, he said to me, "Michael, when things aren't going wrong don't do anything. Don't legislate. Don't make changes. When things ain't broke, don't try to fix them." Well, he did not put it in quite that way, because he is far too well spoken. I say to the Minister that the Staffordshire ambulance service, far from being broken, is a beacon to other ambulance services. To do anything to endanger that situation would be very wrong.

9.48 am

Charlotte Atkins (Staffordshire, Moorlands) (Lab): I congratulate my hon. Friend the Member for Burton (Mrs. Dean) on securing this important debate, because although the formal consultation has ended, the fight very much continues.

We all regret the resignation of chief executive Roger Thayne, but we must protect his legacy. Staffordshire still has his uniquely successful operating system and we must ensure that it continues to work in Staffordshire while he rolls it out to Wales. The Staffordshire ambulance service is Roger's vision, but it does not depend on just one man. The operating system that he has developed—system status management—can deliver without him, but only if it is headed up by someone who shares his vision and commitment.

During our previous debate on this issue, on 2 November, I focused on the remarkable performance of the Staffordshire ambulance service: some 88 per cent. of all emergency calls are met within eight minutes compared with a national average of 62 per cent. The rate of successful resuscitations from cardiac arrest has already been mentioned. Innovation and improvement are part of the Staffordshire ambulance service's day-to-day life.

In this debate I want to focus on another unique feature of the Staffordshire ambulance service: our community first responders. I know that other ambulance services have them, but none of them has them all trained to ambulance technician standard. They are called to every type of life-threatening emergency, including paediatric and maternity cases, and road traffic accidents. They are all volunteers, but they are not just gifted amateurs—they are professionally trained to take control of a broad range of medical emergencies. They work closely with the Staffordshire ambulance service and are familiar with all its procedures and equipment. Their vehicles are donated by local businesses or are paid for by community fundraising, and they are fully kitted out—they have all the emergency equipment that they need.

Community first responders are not an add-on. There are 355 of them—450 if we include all who are now trained. There are more of them than there are front-line Staffordshire ambulance personnel. They are an essential part of the Staffordshire ambulance service

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[Charlotte Atkins]

emergency response, and because they are local, they get to where they need to go in five minutes—not eight minutes. That is remarkable. No wonder Staffordshire ambulance service excels in saving lives by resuscitating people in cardiac arrest. The responders get there in five minutes because they can use sirens and flashing blue lights.

However, this could all be stripped away from 1 July. Why? Because in some areas community first responders generally operate on the first-person-on-the-scene protocol, where the most advanced level that they work to only allows them to administer oxygen and Entonox therapies. No other drugs are given, not even aspirin; there are no patients under 12; and there are no calls to road traffic accidents and only limited calls to trauma incidents. That might be acceptable to those who live in a town. However, Staffordshire, Moorlands has remote communities, including Flash, the highest village in Britain. It is rugged farming, walking and climbing country, with unpredictable weather and hordes of visitors, particularly in the warmer months.

Community first responders have consistently sought an assurance that they will be able to operate at their current level if a merger takes place, but no assurance has been given, so they fear the worst. If their protocols are watered down they will find that they are unable to give the treatment that they are trained to administer; for example, to a patient with a life-threatening asthma attack or a severe chest pain. As a result, their usefulness to the Staffordshire ambulance service would be reduced, leading to fewer call-outs, less hands-on practice and a severe loss of motivation. They would be less able to serve their communities, and it is inevitable that many volunteers would give up out of frustration. The result would be the end of a vibrant volunteer scheme that has the full support of local communities and has made a genuine difference to people in Staffordshire.

Testament to that is provided by the petition of nearly 4,000 signatures—collected in only a few hours—that I delivered to the Prime Minister last Monday. It is entitled "Save Staffordshire ambulance service community first responders", and it reads as follows:

"It is indisputable that Staffordshire Ambulance Service NHS Trust is the best in the UK. One of the key elements in this outstanding performance, in the rural areas, is the high level of Training and Skills of the volunteer Community First Responders.

We, the undersigned, oppose any changes to the existing management structure of Staffordshire Ambulance Service and the Clinical Protocols and Procedures affecting Community First Responders. Any moves to limit what the First Responders are currently authorised to do will lead to a poorer service in the rural areas of Staffordshire and lives would be affected and potentially lost."

I shall refer to two case studies from my bulging postbag to highlight the sort of work that they do. Mrs. Sheldon from Biddulph Moor writes:

"In 2001, my husband was the first person in England to receive the clot-busting drug at home. The first responder was with us in approximately four minutes and the ambulance arrived some five minutes later."

Consultant cardiologist, Dr. John Davies, said:

"Getting this drug into him so quickly could have saved his life."

It was administered by first responder, Andy Sparkes. Mrs. Sheldon said:

"My husband and I have very good reason for wanting to retain"

the Staffordshire ambulance service exactly "as it is."

Another case involved Mr. and Mrs. Bowyer of Leek, who found their daughter had died of sudden adult death syndrome. Mrs. Bowyer writes:

"The first responders arrived in her bedroom within five minutes of the phone call. They stayed with us several hours, they kept me on a heart monitor for an hour. They made sure my husband, a diabetic, was okay and their counselling skills were wonderful, getting us through our initial shock."

Therefore, they do not just save lives; they also deal with the situations they find. This proves that the community first responders make a real difference.

As Labour politicians, we talk a lot about empowering the individual citizen to take control of their lives. We rightly praise the role of the voluntary sector, and all it does. The Staffordshire ambulance community first responders deliver on both those fronts. They are volunteers—very committed volunteers, whose commitment to their community leads them to undergo extensive long-term professional training, and to dedicate many hours to their service and to saving lives.

Community first responders are not just an add-on; they are integral to the Staffordshire ambulance service, which is a service that presses all the buttons that we would want a public service organisation to press. It has a uniquely successful management system, it is efficient and cost-effective, and its performance is exemplary, not only in terms of response times, but also in terms of saving more lives before people get to hospital.

It also already delivers on a new initiative recently announced by the Secretary of State to reduce emergency admissions and to save the NHS money. Staffordshire ambulance service treats 40 per cent. of emergency and urgent responses at home, saving £100 per hospital visit. That amounts to £9 million per year in Staffordshire. It also avoids unnecessary and stressful ambulance journeys to hospital, and prevents the hospital from being clogged up with patients who are better off at home.

When the Under-Secretary of State for Health, my hon. Friend the Member for Birmingham, Hodge Hill (Mr. Byrne), responded to my Adjournment debate on 2 November, he described

"the brilliance of Staffordshire ambulance service"

and the

"need for local call centres and local management autonomy and flexibility".—[*Official Report, Westminster Hall*, 2 November 2005; Vol. 438, c. 315WH.]

Nothing less than full operational independence will do. It is vital that Staffordshire ambulance service maintains its system status management operating system, and its high level of clinical protocols and procedures, including those for the community first responders. We want no dumbing down, no compromise on response times and no ending of innovation and development of staff skills.

Staffordshire ambulance service should be used as an academy of excellence for other ambulance services to work alongside and follow. Let other areas benefit from Staffordshire's trailblazing. What matters is what works, not rigid regional structures, which will kill off Staffordshire ambulance service and cost lives.

Several hon. Members *rose—*

Mr. Joe Benton (in the Chair): Before I call the next speaker, let me say again that I propose to start the wind-ups at 10.30.

9.58 am

Dr. Tony Wright (Cannock Chase) (Lab): The hon. Member for Lichfield (Michael Fabricant) began his remarks by saying accurately that all Staffordshire Members had been working together closely on this issue. However, a few weeks ago the Conservative party had an Opposition day debate in the Commons that was a general attack on all mergers in the health service. As is the way on such occasions, the Conservative party voted for its motion, and the Government voted for their amendment. That is fine; that is how we do things. The problem is that the Conservative party propaganda machine then converted that into the statement that the Labour MPs for Staffordshire had voted for the merger of the Staffordshire ambulance service. That was an outrageous slur and I ask that the hon. Gentleman and the hon. Member for Eddisbury (Mr. O'Brien) to repudiate that in this debate, because it not only undermines all that we have done over the years in Staffordshire to work together on a cross-party basis, but damages our common endeavour to fight for Staffordshire ambulance service. These are important matters—far too important to play political games with.

If we found a public service that was cheaper to run and delivered outstandingly better outcomes than any comparable public service, what would we do with it? Would we cherish and nurture it, and use it as a beacon for others—an exemplar for the rest of the public services—or abolish it? I cannot overstate the extent to which the people of Staffordshire understand what an outstanding public service they have in their ambulance service. It is not often that people rally to their public services in the way that they have rallied to the defence of the Staffordshire ambulance service. They have done so not because they have been asked to, and not for any political reason, but simply because, from their direct experience and that of their families, they know that the service is outstandingly successful.

Those of us who go back a few years can remember exactly how the ambulance service became so successful. I remember witnessing its transformation at first hand. It was proposed that, instead of ambulance staff sitting around in ambulance stations waiting for accidents to happen somewhere out there, the service should be redesigned from top to bottom; that was thought outrageous at the time. The service decided to get the ambulance men and the ambulances out of the ambulance stations, to plot where accidents were most likely to happen, and to station ambulances there. That does not seem a staggeringly original idea now but, my goodness, 10 years ago it was. The effects were dramatic. At the time, the changes were quite naturally greeted with extreme apprehension by those who worked in or used the service. Ten years on, those who work in the service are intensely proud of what they have achieved. The buzz and the pride in that service has to be experienced to be believed. The feeling on the ground, from the people who use it, is unlike the feeling for any other public service that I know about.

In Staffordshire's case, it simply makes no sense to alter a service that is working so well. In some areas, it may well be sensible to merge ambulance services; somewhere down the track, when other ambulance services have reached Staffordshire's standard, it might even be sensible to consider making further efficiency savings by amalgamation. However, that is not the position now. The people of Staffordshire and the county's MPs would find it incomprehensible if the merger were to go ahead at this time. In terms of the Government's philosophy of public service reform, there is no reason at all for proceeding with the merger.

10.3 am

Joan Walley (Stoke-on-Trent, North) (Lab): I congratulate my hon. Friend the Member for Burton (Mrs. Dean) on securing the debate. I also congratulate Staffordshire MPs on the way the issue has been brought to the attention of the Government in meetings with Ministers, and on how, through Parliament, we have asked the Government to listen to our view about how their reforms are taken forward. I am glad to see our regional Minister for the NHS, the Minister of State, Department of Health, my hon. Friend the Member for Doncaster, Central (Ms Winterton).

This is a critical and timely debate. What we want from it is reassurance from the Government that we have been listened to and that all the important changes that have come about in Staffordshire can play a pivotal role in the measures that the Government are taking, right across the NHS. Those changes are needed if the Government are really to bring about improved health services at community level, and that is something to which all Labour Members certainly subscribe.

Staffordshire's performance—its response times, its operational standards, how the service serves people, and how it goes about doing its business—is a matter of record. I am just looking around, and I see that I am the longest serving Staffordshire MP here today—

Michael Fabricant: And the youngest looking.

Joan Walley: And the youngest looking.

It is important that we take stock of the changes that have been made to Staffordshire ambulance service. Let me set out one of my concerns. Roger Thayne came to Staffordshire ambulance service and, as my hon. Friend the Member for Cannock Chase (Dr. Wright) said, set about changing things. Many of us, including my hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins), have referred to the fact that those changes were opposed in some quarters because change is uncomfortable and is not easy. Staffordshire ambulance service, under the leadership of Roger Thayne, met that change head-on. The service worked with people; it explained, it informed and it then developed its different standards. The service is now far more able to cope with health problems in Staffordshire.

[Joan Walley]

Rather than looking to merge Staffordshire into a bigger ambulance service, the Government should consider how what we have can help them in bringing about change across the board, not just in ambulance services, but in health services more widely. Over the past 18 years or so, I have had meetings with Roger Thayne, Secretaries of State for Health and senior Ministers, and it has been incomprehensible to me why we have not seized the opportunity of using Roger Thayne's expertise—much of which goes into strategic planning—to drive forward the agenda for change. I ask the Minister to please look at how we can roll that out.

I am conscious that I have very little time, but I have one other point to make. Members who have spoken so far are really concerned about rural areas or towns in Staffordshire. I represent Stoke-on-Trent, the part of Staffordshire where health inequalities are greatest, and where disease and illnesses are worst. In Staffordshire, a model has developed to meet the needs of not only the rural, isolated areas, but the urban areas with the biggest health problems. Those urban areas face a great challenge in making change, because of our particular situation as regards overspend across our hospital trusts and at our university hospital. I say to the Minister, quite sincerely, that if we merge Staffordshire ambulance service into a west midlands service, we will end up with a far worse service. We would be completely dumbed down. We should be looking at how our ambulance service, with its operational independence, can help and can be part of a partnership dealing with the change that we need. In my constituency, we really have to meet more health care needs in the home, and we have to consider how we will deal with change.

I am mindful of the time, but just want to add that consultation has to mean what it says—it has to involve listening, not least to the views of Members of Parliament, who represent so many people across our county and cities, as my hon. Friend the Member for Staffordshire, Moorlands said. I am looking at the timetables for the Government review of the consultation. I do not know how many days or weeks it will be before we get a firm outcome, but today I ask the Minister to consider how what has been achieved under Roger Thayne's leadership can be rolled out across the west midlands, and to please listen, especially to the people of Staffordshire.

10.8 am

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): I will keep my comments brief, as I am sure you will be delighted to hear, Mr. Benton. I, too, begin by thanking my hon. Friend the Member for Burton (Mrs. Dean). Many excellent speeches have been made, and I do not want to rehearse points that have already been put so eloquently, but I want to raise a couple of points that have not been addressed.

The first point is about the excellent work that Staffordshire ambulance service does in respect of the M6 motorway, which runs through the county. As many hon. Members will know, surprisingly enough, from time to time there are traffic jams on the M6, even though there is a relief road. Often, people are caught up in their vehicles and become unwell—perhaps they are diabetic, or perhaps the stress of the long, tiring journey brings on other ailments and illnesses. Staffordshire ambulance service operates an excellent service in those circumstances, rescuing drivers and passengers from vehicles, bringing insulin to them, and so on. I understand that that has not been taken into account when considering the service standards of different ambulance services, so I would like to make sure that that is on the record.

The other point that has not been mentioned so far is the star ratings of the ambulance services. Staffordshire ambulance service has the highest three-star rating—if four or five-star ratings were available, Staffordshire would be at the top of those. That can be compared with the west midlands service, which I understand has a one-star rating. It is worth stressing that that is not a reflection of the quality of the people in the west midlands service. I am certain that they do the best job they can in the wider west midlands region, but they do not have certain drugs or the systems, equipment or protocols in place to use them. The ratings reflect the systems and what is available, not the quality of the people, although I must say that in Staffordshire we have some fantastic ambulance crews and first responders.

Why would the people of Staffordshire want to have anything less than the excellent service that they have now? Why would somebody who had grown used to being able to phone the emergency services and request an ambulance, knowing that in the vast majority of cases one will come in less than eight minutes, want to change that for a system that was not so reliable, could not prescribe the drugs and was not so close to where an incident had taken place?

I echo the comments made by my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley). I, too, represent a part of a Stoke-on-Trent, an area that has long been overlooked. Historically, health has been a great challenge there, with issues arising from people working in the mines and the steel works, and in the pottery industry, which thankfully we still have. People in the area have come to expect a high standard and have a great need for high-quality health care. That is reflected well in the fact that although there are different views on police mergers and primary care trusts mergers, there are not different views on the ambulance service merger. The people of Stoke-on-Trent and of wider Staffordshire speak with one voice on the issue: the ambulance service is the best service and we do not want to lose it. That sentiment is illustrated well by a small group that meets at Longton town hall for a tea dance on a Monday afternoon that, between its members, managed to come up with a petition of 400 signatures. That is the strength of feeling from one small group.

It is quite right that we should want to improve the ambulance service throughout the country, but the proposal that my hon. Friends have put forward in this debate is a better way forward. Let us make Staffordshire a shining light to guide others towards excellence in the ambulance service.

10.13 am

Mr. Brian Jenkins (Tamworth) (Lab): I shall be brief. I shall not repeat what my hon. Friends have said, but I must repeat one thing: congratulations to my hon. Friend the Member for Burton (Mrs. Dean) on securing this debate at an important time, with the consultation completed and the evaluation taking place.

I am against the Staffordshire ambulance merger. I want to make that perfectly clear because, as my hon. Friend the Member for Cannock Chase (Dr. Wright) indicated, when I went to speak to my Conservative-run local authority and explain my position—quite clearly, I thought—the Conservative party's spin machine in my part of the world accused me of lying and of doing one thing in Tamworth and a different thing in London, because I voted against the Opposition day motion. I do not want to pursue that point because it is now in the hands of the lawyers. The man involved is not working, unfortunately, so I shall not get much money off him. He is on his own account rather than his party's account—I am sure that I could have got a sufficient amount off the party.

The annals of this country's history show that the royal family used to have a whipping boy for the prince. The whipping boy used to play with the prince and if the prince misbehaved, the whipping boy got whipped. The belief was that the prince would not misbehave because he liked the whipping boy. One of the things that modestly surprises me is how gentle my hon. Friends from Staffordshire have been with the Minister. Although I have nothing but respect for her, I get totally incensed when somebody is sent along with a speech that has been prepared before the debate has even taken place.

I have no need to run round with a petition—believe me, I know exactly the sentiments of the people who live in my town and my constituency, because I live there. All the Staffordshire MPs and all my constituents are incensed. I was particularly incensed when I saw the new post of chief executive officer of the new, enlarged west midlands service not only being advertised but being filled even before the consultation had finished. I do not mind if that can be explained as plan B, but it stinks of a stitch-up and suggests that the consultation period was nothing but a sham. If my hon. Friend the Minister gets up and explains what she has done, and we come out even reasonably successfully, I will willingly apologise. However, I feel that she has a lot to say to convince me that we have not gone a long way down that route.

Every hon. Member will speak of the excellence of the Staffordshire ambulance service, but I when I try to find out why we are under threat I come back with my ears ringing with gobbledegook. I am told, "Technology—that's the answer. It's technology that's driving us," or, "It's a new strategic approach to the provision of service." Well, let me talk about technology. No one is opposed to a new radio system that covers not only the ambulance service, but the police, fire and all our other emergency services. When the technology is deliverable, we will grab it both hands, because then we can direct people faster to where they should be.

We can create a control room and if necessary, a back-up control room under the new area. The only control room that has gone down was the Greater Manchester one, which went down for 10 hours. And guess what? There was no back-up. Why was there no back-up? We are told that in the new, enlarged west midlands area we will have a control room and a back-up control room. Do we send the people down there, with their back-up machines and back-up staff who will be used perhaps once every six, seven or eight years when the main control room falls over? I think not. Do we rotate the staff, to have a week in the main control room and a week in the back-up control room? I think not.

If we want a control room mechanism, I can suggest one. We link up all the existing control rooms in the region, so that if one control room falls over, the work is immediately allocated to the remaining control rooms, where it is dealt with by people who are used to dealing with emergencies every day. If the reason that I have been given is the reason we are merging, it is a silly reason and should not have seen the light of day.

We are not opposed to planning. Anyone would be a fool to think that there was no need to plan on a regional basis for a disaster, large emergency or catastrophe, or to allocate resources for that. However, anyone looking at that would be a fool to think that ambulances or fire engines could immediately be brought from 30 or 40 miles away. Of course we cannot do that—the first ones on the scene are the local ambulances and fire engines. After that the ripple effect starts and we call in services from two, four and then six miles away to fill the vacuum created. We are not opposed to that. We would be stupid to be opposed to something like that, and the people of Staffordshire are not stupid by any means.

When I look at the plan, I see no realistic rationale. That is all that I ever asked for from the Government. I am not opposed to change, modernisation or reorganisation, but I am opposed to reorganisation for the sake of it. I am opposed to reorganisation when it takes valuable resources from the scarce resources of any department, which then neglects its everyday duties. We see calamity and sickness in the delivery of public services when so much time is spent on reorganisation.

I want the criteria to be laid down clearly from the start. In many areas the Government have failed to give the financial information, the criteria and the rationale for the change. That is why I am not pleased, especially when it is my Government who are doing this to us. It would be a disaster and a tragedy if we relied on a Labour Government to take the service in Staffordshire back. I do not intend to see any of our public services taken back under this Government. I urge the Minister to consider the matter and to try to convince the officials who first came up with the plan and are pursuing it that they should change their minds and do an about-turn before they run into a brick wall.

Mr. Joe Benton (in the Chair): I intend to call the hon. Member for Stone (Mr. Cash), but I indicated during his absence that I propose to start the wind-ups at 10.30.

10.21 am

Mr. William Cash (Stone) (Con): I apologise, Mr. Benton, for being a little late. I was tied up with another engagement.

The merger has been uniformly condemned by the people of Staffordshire. Indeed, I have presented a petition to Parliament, as the Minister knows, and I have several thousand protest letters, which I shall present shortly to the Department of Health.

[Mr. William Cash]

The whole exercise is an example of a cash-driven, vicious attack on an extremely good ambulance service. We have today heard condemnation of the Government's position. I urge the Minister to take the matter back and to give it serious consideration because the merger has been rejected by the local people. There is enormous anger throughout the county and particularly in my constituency.

I pay personal tribute to Roger Thayne, who did a fantastic job. It is well known that we have the fastest 999 response rate in Europe. We have the best ambulance service. As with the mergers of the police and other services, the suggestion that the ambulance service should be merged is part of a regionalisation process that is driven by deep and radical insistence on change to save money. All I can say is that the whole process should be rejected out of hand.

I agree with the remarks that a proper analysis is needed, which the Government have not so far succeeded in producing. For the most part, it is perhaps a little disingenuous for some hon. Members who voted against the proposals—*[Interruption.]* I see that the hon. Member for Staffordshire, Moorlands (Charlotte Atkins) is huffing and puffing, but this is a serious matter. It is not something that can be washed aside. There have been occasions when some of us have voted against our own Government when circumstances have required that, and it is important to make that point—

Joan Walley: On a point of order, Mr. Benton. May I ask for some direction about hon. Members who come to the debate without having had the courtesy of listening to the opening comments? The issue was raised quite adequately by my hon. Friend the Member for Cannock Chase (Dr. Wright), but the hon. Member for Stone (Mr. Cash) came blind to the debate.

The Chairman: I am sorry, but that is not a point of order. It is purely a matter for debate. I am quick to rule any hon. Member out of order if they contravene any of the rules of debate.

Mr. Cash: I am extremely grateful to you, Mr. Benton. I make the point, because it is a matter of fact.

Charlotte Atkins: Will the hon. Gentleman give way?

Mr. Cash: Not at the moment. I am extremely glad that some of the comments that have been made have indicated a degree of change of mind and that is encouraging. I was encouraged by, for example, what the hon. Members for Tamworth (Mr. Jenkins) and for Stoke-on-Trent, South (Mr. Flello) said.

Charlotte Atkins: Will the hon. Gentleman give way?

Mr. Cash: I will not give way to the hon. Lady.

This is a matter of profound importance to the people in my constituency who are affected by votes that take place on the Floor of the House, which is where such matters are decided. I challenge the Minister unequivocally to repudiate—

Charlotte Atkins: On a point of personal explanation, Mr. Benton. The hon. Gentleman accused me of huffing and puffing. I was merely indicating dissent because he suggested that I voted for the merger of Staffordshire ambulance service. I voted against a highly party political Opposition motion, which referred to mergers in general, not to Staffordshire ambulance service.

The Chairman: That is not a point of order, but I have allowed a point of explanation. I remind hon. Members that the winding-up speeches will start at 10.30. It has been an interesting debate and it is only right and proper that we ask the Minister and the Opposition spokesmen to reply at 10.30.

Mr. Cash: I am grateful to you again, Mr. Benton.

The problem in Staffordshire can be remedied and I look to the Minister to do so. I am extremely glad to note that there has been a change of heart on the matter.

Dr. Tony Wright: I ask the hon. Gentleman to withdraw the remarks that he made a moment ago because he does a huge disservice to the common cause that we are fighting. He knows full well that the Opposition debate and motion to which he referred made no reference whatever to the ambulance service in Staffordshire. To use that for party political purposes undermines all the common cause that we have made and are making again today. I ask him, on reflection, quickly to withdraw what he said.

Mr. Cash: I am not going to because the principles contained in that motion are applicable in this case. I am glad to note that there has been a change of heart. I am making that clear, but I am not going to deny the facts as I find them because this is a matter of profound importance to the people in my constituency who were affected by that vote in the House. Therefore, I will not retract my remarks. However, I am conscious of the fact that there have been specific examples, which I have given already, of a change of heart and that is extremely encouraging. I hope that the Minister will take that on board because the proposal is disgraceful and should be withdrawn. It is incumbent on us as Members of Parliament to spell out the facts, so that people can see what happened and take account of the feelings that have been expressed on both sides of the House.

10.28 am

Dr. John Pugh (Southport) (LD): I congratulate the hon. Member for Burton (Mrs. Dean) on introducing this important date and all Staffordshire Members who have been tigerish in defence of their cause. As an external observer, may I comment that one thing that can lessen the force of that cause and disfigure it is political division, when there should be unity in this place and on the ground in Staffordshire. From my experience of past health campaigns, I offer a friendly word of advice: that sort of behaviour leads to poor results for the people we serve.

The debate is timely. The Minister will make a statement and may pull the rug from under us, or a rabbit out of the hat, whatever the appropriate metaphor is. I shall start with a few general comments.

No one wants to have much to do with ambulance services on a personal basis, although there are occasions when we are all desperate to see one. Our

fundamental requirement is that the service should be quick, efficient, effective, high-tech and well resourced. It should be human and sympathetic because it is in the front line and the public use it in situations of high stress.

Most of those remarks probably apply to the non-blue light service as well, but emergency patients are not normally much interested on such occasions in the name or structure of the trust that serves them, the badges on the ambulance, the origin of the ambulance or any of the minor administrative details. None the less, the administrative structure is not completely unrelated to delivery. I am sure that you are familiar with the situation in my constituency, Mr. Benton. There are two hospitals near each other, and the path between them is divided by two ambulance trusts. It is a woefully inefficient arrangement, and empty ambulances often cross one another on the same road. They could be using their resources far more effectively.

There is a question about the optimal size of an administrative unit—obviously, the more units and boundaries a trust has, the more issues it has to deal with in respect of boundaries—and there are questions about efficiency. There is not much of an issue in respect of the democratic accountability of ambulance trusts. There have been many debates about why a primary care trust or an acute trust is not properly democratically accountable, but there is not the same level of comment about ambulance trusts. Yet there is a genuine issue around making ambulance services efficient.

You will be aware, Mr. Benton, that the ambulance service that serves our area, the Mersey regional ambulance trust, has been accused of being less than efficient and has recently taken steps to be more effective. However, decisions on reorganisation must not be taken on the basis of temporary factors—who happens to be running the ambulance trust at the time and what the current performance data are. They should be responsive to what might be considered to be permanent changes.

For example, there has been a significant change in the skill level and competence of ambulance crews over the past few decades. They are far more competent and able than they were years ago. There is a prevalence of co-responding and looking across the piece at how emergency services integrate that did not exist before, and, with satellite navigation and so on, there is less concern about fixed bases and where ambulances are located.

That leads to certain presumptions. There is a rational and reasonable presumption, for example, in favour of co-terminosity of emergency services. There is a presumption in favour of economies of scale, as bigger units often possess better resources and have lower overheads, but it is not an absolute presumption. It needs to be tested empirically, not dogmatically, and that is what the contributions to this debate have helped to do.

There are other strong presumptions. One that I believe we all have, to some extent, is that locally based services are more locally sensitive. Another one, which has already been mentioned in the debate, is that we should not endeavour to fix something that is not broken, and it is clear that the Staffordshire ambulance service is not broken at all.

It would be easy to get out of the dilemma by spouting the usual clichés—we should not go for one size fits all, we have to consider whether things are fit for purpose—and in a minute or two I could find myself using words such as "step change" and the kind of gobbledegook that tends to cloud these debates. What we have here, and what has been argued sensibly by hon. Members, is a good prima facie case against change.

Certain factors make it a good case. Extraordinary statements have been made by the chief executive and deputy chief executive of the Staffordshire ambulance service that would not have been made were there not genuine and serious concern. Extraordinary efforts have been made by all local MPs, and that is reflected by the number of them involved in this debate. There are stark statistical contrasts between Staffordshire and the surrounding areas with which it is intended to merge, and there have been some serious accusations that the approach is completely dogmatic, relatively unreasoned and resistant to evidence.

The Government must satisfy us by demonstrating that there has been real consultation, and that the decision is evidence-led and responsive. They must be totally up front about what they are prepared to leave to local democratic decision making—or even just local decision making. If decisions are not to be made locally, if some template is to be writ large across the country, they may as well say so now. If not, perhaps we could review the criteria that are being used for this exercise and get an independent evaluation of how fairly and objectively they are being applied.

In a nutshell, the trust is making a decent, reasonable and rational case to remain a beacon of good practice. It has not been said in this debate, but I presume that there would be no detriment to surrounding areas if it did so, and that, in essence, is the case that the Minister must answer.

10.35 am

Mr. Stephen O'Brien (Eddisbury) (Con): It is a pleasure to serve under your chairmanship, Mr. Benton.

I believe that everyone in the Chamber feels genuine gratitude to the hon. Member for Burton (Mrs. Dean) for having secured this debate, which is not only important but extraordinarily timely, following the discussions in the House.

We have heard from many hon. Members who represent Staffordshire. I would like to confirm the apologies of my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) who, but for a prior engagement that he simply could not avoid, would have been here. He supports the unanimous view expressed by Staffordshire MPs on both sides of the House.

In this age of consensual politics, I am sure that we would agree on what a perfect ambulance trust would look like. It would consistently achieve a three-star rating. Year after year, it would improve its response rates and achieve well above the eight, 14 and 19-minute targets, at both categories A and B, and the GP urgent call targets. It would be the best at resuscitation, it would balance its books—especially during this time of Government-precipitated crisis in the NHS—and it would be the most economic. In fact, within its budget, it would invest in innovative techniques and extra protocols above and beyond the statutory ones. It

[Mr. Stephen O'Brien]

would employ more doctors than any other trust, its chief executive and staff would have the best interests of the trust at heart, rather than being focused on assuring their pensions. Such an ambulance trust would be looked up to by other services around the world. Indeed, its chief executive would, no doubt, travel to other countries to speak to ambulance services personnel.

Hon. Members may be surprised to learn that all those attributes of the perfect trust are, in fact, attributes of the Staffordshire ambulance service NHS trust, which serves all the people of Staffordshire. Who on earth, be it a Government or a Minister, would seek to change or scrap that if they were in their right mind?

I ask that with some feeling. Like the hon. Member for Southport (Dr. Pugh), I suffer from being in the area of the Mersey regional ambulance service, which has had a disastrous time. The ambulance service of Cheshire, a proud county, was perfectly adequate until it was rammed into Mersey against local will. What has happened? The service once had a number of stars, but it has collapsed to a nil rating. There is no surprise there, except to deaf Ministers, who were warned. They cannot pretend that it is somebody else's fault, or that it was an unintended consequence of a wider, benign idea that was dreamed up in the halls of new Labour. The change was intended, it happened, Ministers are accountable, and we all share in their shame.

Staffordshire is about to be precipitated into exactly the same crisis unless the lesson of the Mersey regional ambulance service is learned and at last the Government listen to the speeches, sincere and full of integrity, of hon. Members on both sides of the House. It is not easy for a Government Back Bencher or representative to have to find a distinction between the Government whom they have been elected to support and their decisions.

The West Midlands ambulance service, with which the Government are trying to merge the Staffordshire ambulance service, has dropped from three stars to one star since 2002. It only just makes its targets, and at month six it was running a deficit of £1.1 million—part of a deficit in our NHS that is so embarrassing for the Government that they continue to withhold up-to-date figures. The situation may be worse than I have just cited.

It is also widely agreed that a merger of Staffordshire ambulance service would cause a cut in patient care. The—sadly—former deputy chief executive, Dr. Anton van Dellen said:

> "The trust has been notified that the clinical protocols will migrate away from Staffordshire protocols to national protocols from March 2007. This will result in a decrease in the quality of care available to patients in Staffordshire".

The Staffordshire ambulance service operates 36 protocols above the national statutory ones. There is not even a great cost. Dr. van Dellen calculated that it was £11.2 million in the first year and £5.1 million in years three, four and five—all done within budget. Even the strategic health authority officials admitted at the Birmingham city council health overview and scrutiny committee on 11 January this year that

> "the proposals could have a major adverse effect for the rural areas".

That point was made strongly by the hon. Member for Staffordshire, Moorlands (Charlotte Atkins) and others. It is a point I strongly relate to, having a rural constituency myself.

Many groups—health and oversight committees, the women's institute, local councils and local campaigners—are united in their condemnation of any plan to merge Staffordshire ambulance service. As we can see from today's debate, Opposition and Labour Members have united in common cause. There has been a bit of an edge in one particular area. I would give a tiny word of advice to the much respected hon. Member for Cannock Chase (Dr. Wright)—and I share that respect—who has been particularly aggrieved by the normal fare of parliamentary activity during Opposition-day debates. If anything has been proved during recent weeks, it is that the Government pay heed only to the squeaky wheel. It appears that rebellions can count, and it would have been interesting to think about that as a political tactic on that occasion.

Mrs. Dean: Does the hon. Gentleman accept that Staffordshire is unusual in that MPs from both main political parties have worked together for the benefit of the people of Staffordshire? Does he think that the appalling comments from the hon. Member for Stone (Mr. Cash) undermine that situation?

Mr. O'Brien: It is highly presumptuous, in trying to make a uniting point, to divide. I do not think that that was very helpful, given that there has been respect on all sides for the way in which the debate has been conducted. My point relates to the edgy point raised about the Opposition-day debate. I seem to recall that that is precisely what happened when we were in government: the Opposition-day debates were used by the Labour party in exactly the same way. Indeed, as my predecessor in my constituency tells me, local campaign material was used to that precise effect.

Dr. Tony Wright: The hon. Gentleman has one simple remedy, which is to put the record straight. He should say that the Opposition motion made no reference at all to Staffordshire. There can be legitimate argument about whether mergers of different bits of the health service should take place in different parts of the country. The motion was not about Staffordshire, but it was used by his party to traduce Labour Members with the allegation that they voted for the merger of Staffordshire ambulance service, which simply was not true. I ask him to repudiate that, then we can get on with the rest of the debate.

Mr. O'Brien: I am not going to repudiate it on the basis that the way in which people interpret the way things are done in this House—the motion is on the record—is a matter for them to deal with in their local campaigns. There is genuine and principled opposition from the official Opposition to the crass approach taken by the Government to try to ram together, by means of a regionalisation dogma, organisations that run perfectly well, whether they are part of the NHS, the police, the fire service or local authority representation. Staffordshire ambulance service is probably the biggest victim because it so excellent and such a beacon. If one can only relate, for political cover, to the particular,

instead of recognising that this is taking place under a general principle advocated officially by a Government with Executive power, that is naïve. I put that on the record as a counter to what has been an unfortunate edge in this argument.

Furthermore, nothing is more transparently weak and disingenuous than saying as an excuse that we are waiting for a final decision to be made. That excuse was even made by the Prime Minister at Prime Minister's questions, when he said:

"the outcome of the consultation exercise is not a foregone conclusion."—[*Official Report*, 15 March 2006; Vol. 443, c. 1451.]

We are all keenly aware that the final decision was probably made some months ago in the minds of Ministers and Whitehall bureaucrats. Indeed, it was hinted at earlier. Why else would the NHS Appointments Commission have advertised for, and appointed, a pool of nine people to be heads for the new regional ambulance services? I have had a letter from Roger Moore, chief executive of the commission, stating that it

"began this recruitment at the request of the Department of Health".

Why else would the Government be misrepresenting the findings of Peter Bradley? He recommended a reduction from 31 trusts to 28, which was coterminous at that time with the number of strategic health authorities. There was no suggestion of a change down to nine, 11, 12 or whatever it may be. Ministers have used that as an excuse to reduce the number of ambulance trusts to nine, 10 or 11, just as they have invented the idea of the reconfiguration of the SHAs after the Bradley report. That is sleight of hand, it is an abuse and there is no evidence base whatever—not in Bradley's report—to support the Government's reconfiguration of ambulance trusts to regional remote bodies, which will level down to the performance of the lowest common denominator. Anyone with a scrap of management understanding knows that benchmarking to raise all to the level of best practice requires people to be separately configured, rather than merged and diluted into one.

In conclusion, we know that Staffordshire ambulance service is one of the best in the world. That is largely due to the hard work of Roger Thayne, and his deputy Dr. Anton van Dellen, to whom we pay warm tribute. Mr. Thayne felt his integrity would be impugned if he did not step down, citing among his reasons the desire

"not to land the trust with a bill of £200,000",

and the premature

"appointment . . . of the transitional chief for a regional trust".

He has been effectively forced out by a process designed and managed by Ministers.

If the service is merged into a regional trust, the 36 extra protocols will be dropped. Staffordshire delivers those protocols within budget and they save lives. Trust and SHA officials have said that that will lead to a downgrading in patient care. The Secretary of State has presided over a sham national consultation, deliberately spinning Bradley's findings to support the Government's regionalisation agenda and appointing chief executives before the consultation has even finished. Unsurprisingly, that has destabilised a wonderful chief executive who has shown the way for everyone else.

If the Minister presides over the end of the Staffordshire ambulance service, she will prove that the consultation is a sham, taking into account neither the excellence of the service nor the wish of the people. The best possible single-word speech the Minister could make to every single man, woman and child in Staffordshire, and every constituent of the Members here today, is to say yes to the question I shall put to her. For the Minister, after the so-called consultation, the game is up. If she is to have a shred of credibility, she knows that the only speech she can give is yes in answer to my question. Will she confirm that the Staffordshire ambulance NHS trust will remain as it is: unmerged, independent, excellent and delivering services that the rest of the country would be proud to match?

10.48 am

The Minister of State, Department of Health (Ms Rosie Winterton): It is a great pleasure to serve under your chairmanship, Mr. Benton.

I congratulate my hon. Friend the Member for Burton (Mrs. Dean) on securing the debate, which, as the hon. Member for Eddisbury (Mr. O'Brien) said, has by and large been constructive. He used the word integrity in describing many of the speeches that have been made. I agree with the hon. Member for Southport (Dr. Pugh), however, that the behaviour of the hon. Member for Stone (Mr. Cash), who came in late and made a speech that broke what has been quite a good consensus in the debate, was extremely unfortunate. I completely understand the fears and distress of Labour and, I suspect, Conservative Members that that approach has not helped the debate. It does a disservice not only to the hon. Gentleman's constituents but to those of my hon. Friend the Member for Burton. It is no wonder that they feel disturbed by that approach.

We are talking about an excellent ambulance service. I know that, because I visited Staffordshire ambulance service with my hon. Friend the Member for Burton. I was extremely impressed as we walked through the tents and into the hall and met so many of the members of staff, who were clearly incredibly committed to providing such an excellent service.

My hon. Friend the Member for Cannock Chase (Dr. Wright) talked about changes that had been controversial. In my own constituency, after some of the changes were put in place, ambulances were not necessarily in the ambulance station, but in different parts of the area. As he said, those changes have been accepted. Staffordshire has led the way with a three-star rating, as my hon. Friend the Member for Stoke-on-Trent, South (Mr. Flello) noted. It is a tribute to the work that has been done.

My hon. Friend the Member for Stoke-on-Trent, North (Joan Walley) said that we must consider how we can transfer best practice to different areas. That is what we have been doing. I visited Staffordshire when I had ministerial responsibility for ambulances, and I feel strongly that there has been almost a revolution in the way in which ambulance services are delivered. We considered them closely, because they had an impact on waiting times in accident and emergency departments. The ambulance services are much more integrated with the general emergency services, and so much a part of the way in which we ensure the transfer of best practice to other areas. I agree with my hon. Friend that we must do that.

[Ms Rosie Winterton]

NHS ambulance services handle about 6 million 999 calls each year, and spending on ambulance services has increased by about 75 per cent. Response times and patient care have improved significantly, and some revolutionary changes have been made. We need to build on those achievements. We needed to consider how we could review ambulance services to ensure that improvements in service delivery were consistent throughout the country. That is why we published a service review last year.

The implementation of that review will be one of the biggest transformations of the service for more than a decade, and I think that it will deliver good services to patients in terms of the range and quality of care that they receive. To support those improvements, the way in which ambulance trusts are structured and managed needs to change. We must consider the capacity to plan for tomorrow, as well as to deal with today. They could do that if some of the perceived artificial barriers were removed. We must consider how to improve regional resilience, integrate planning and service delivery and ensure that there is co-terminosity with other service providers.

In that context, I turn to the point of order raised by the hon. Member for Lichfield (Michael Fabricant) about the written ministerial statement. The Secretary of State for Health published it at half-past 9 this morning. Essentially, it confirms that the strategic health authorities will submit reports on the consultations on ambulance trust reconfiguration proposals by 5 April. Decisions will be announced as soon as possible after that, with the intention that new ambulance NHS trusts will be established from 1 July. I have copies of the written statement. I did not want to hand them round earlier, but with your permission, Mr. Benton, I should be perfectly happy to do so.

Mr. Joe Benton (in the Chair): It might be appropriate if the hon. Lady were to place the statements on the Table.

Ms Winterton: I shall certainly do that.

Mr. O'Brien: Although we shall obviously read the detail of the statement, in light of what the Minister has just said and given the NHS Appointments Commission appointments to which I referred, all that is required from her now is to find out whether from 1 July—a date that comes as no surprise, because it had been canvassed before—there is any prospect of Staffordshire retaining its independent, stand-alone status, or are we all shadow boxing?

Ms Winterton: I shall come to some of the points that the hon. Gentleman has made, but a pool of people has been appointed because we want to ensure that, when any changes are made and if any new trusts are set up, they can get moving as quickly as possible. It has been perfectly clear in all the adverts that change depends on the outcome of consultation.

All hon. Members have paid tribute to the work of Roger Thayne and his deputy, and reference has been made to their resignations. I assure hon. Members that Shropshire and Staffordshire strategic health authority is working with the ambulance trust to secure robust management.

My hon. Friends the Members for Burton and for Staffordshire, Moorlands (Charlotte Atkins) praised the work of local community responders. They are important people, and the recent ambulance review envisages such schemes being a key part of the increased flexibility and type of responders whom ambulance services dispatch. I assure my hon. Friends that we expect the community responders scheme to continue if the proposed merger goes ahead.

I shall finish by addressing some clinical practice issues. I assure my hon. Friends that the strategic health authority has already, as part of normal contingency planning for any proposed merger, set up a group to consider the procedures and protocols throughout all trusts in the west midlands. I am confident that it will help to ensure that future practice will be the best for all patients, including those in Staffordshire.

My hon. Friends have made some constructive suggestions about the way forward, and I am grateful to them for having put forward those ideas. I shall take them forward and ensure that my noble Friend Lord Warner receives details of them. I am sure he will consider those issues with interest, as we are keen to ensure that all views about the proposed merger of ambulance services in the west midlands and, indeed, nationally are given proper consideration before any decisions are made.

I thank hon. Members who have been present for the whole debate for their contributions. As I said, I shall pass on their views to Lord Warner.

Brick Industry

11 am

Jeff Ennis (Barnsley, East and Mexborough) (Lab): The stimulus for this important debate was my recent visit to the Carlton brickworks in Grimethorpe in my constituency. Grimethorpe is my place of birth, and I am proud to be associated with such a great place.

I remember Grimethorpe in the 1970s and 1980s, when everything in the village revolved around the colliery. Not only did we have the pit; we had a Coalite plant, and a power station provided electricity not just for the pit but for the local communities. The area was powered not by the national grid but with local coal. We also had a fluidised bed plant, a clean-coal technology technique that was then funded by 20 countries. It is a pity that we did not keep that plant open, and now, with the present energy situation, we are reaping the results of the mis-advice that led to its closure. Also, of course, we had the Carlton Main Brickworks. Altogether, there were more than 4,000 jobs in Grimethorpe, a village with a population of about 6,500.

The only industry to survive from that era is the brickworks. It opened alongside Grimethorpe colliery in the mid-1890s, and has been producing quality bricks for well over a century. Indeed, Carlton Brick is the largest independent brick manufacturer in the United Kingdom, producing approximately 5 per cent. of all British bricks. It produces 34 million bricks a year, in more than 30 styles. An average house requires about 10,000 bricks.

The brickyard currently employs about 80 staff, and for the past 30 years or so the kilns have used gas rather than the original heat source of coal. Therein lies the main reason for today's debate. It can be summed up succinctly in the letter that I recently received from Carlton Brick, thanking me for my recent visit. Oliver Stevenson, the company chairman, wrote to me on 30 January. He said:

"It was a pleasure to show you around the factory and to introduce you to so many of our staff; the feedback has been very positive! We also appreciated the time you gave us in the office, when were able to describe to you our concerns over the cost of Energy and Gas. As you know, this has become a major problem for the brick industry, as well as for all sectors of energy-intensive manufacturing. We feel very threatened by European competitors who manufacture in a much more benign environment. As we discussed, it is not only the high of Gas that is causing us trouble, but also the volatility of the market, which has rendered planning almost impossible."

Before expanding further, I want to explain why bricks are so important to British manufacturing and the British economy. Bricks have been used since ancient Egyptian times, so they are a very old construction product. Bricks are the most reliable fundamental building material; they stand the test of time; they do not deteriorate; and they improve with age. They do not biodegrade, unlike other construction products such as timber. They are reusable if salvaged well, and they are ecologically neutral. Their life expectancy is greater than any other building product. They have a good thermal mass, so they provide good heat and sound insulation. Brick houses are built to last, especially compared with the timber-clad and vinyl-clad houses in New Orleans which were seen floating away in the floods after hurricane Katrina last year. Bricks are adaptable. They can be used successfully with all other construction materials, including concrete, glass and timber. Bricks will work in the future.

The UK brick industry employs more than 6,500 people in its factories. On top of that are the plant and machinery manufacturers, subcontractors and truck drivers, plus 115,000 bricklayers. Only yesterday I was speaking to my good friend the Chancellor of the Exchequer. When he asked what I was doing, I said that I was going to the Library to put the finishing touches to my speech on the future of the brick industry. He said, "It's funny you should say that, because I was at Battersea power station yesterday talking to a group of young women who have trained as bricklayers." Even the Chancellor is on board.

I return to the problem of energy prices. In November 2005, the price of gas quadrupled, and since then the market has been volatile. The cold weather in March and the supply problems caused by the shut-down of the Rough gas field have made the price rocket again, and on 15 March we saw the highest day-ahead price of 227p per therm. The high cost of gas has been crippling for all industries, not just for brick companies. Manufacturers in the energy-intensive sector have raised their prices in order to combat those increased commodity prices. I shall not confine myself to the brick industry. The problem affects also the steel and glass industries. The latter is important to the future of Barnsley, as a number of big glass manufacturers operate in the area—not, unfortunately, in my constituency but in that of my hon. Friend the Member for Barnsley, Central (Mr. Illsley). The cost of energy is just as important to the glass and steel industries as it is to the brick industry.

One method of combating the energy crisis is to reduce production, and therefore the consumption of gas. That is bad news for the UK's GDP, and also for local employees who have seen their hours and wage packets reduced accordingly. The wild swings in price from one day to the next have put industry into a new environment, where planning for the future has become nearly impossible. Those swings in price mean that we are unsure of how to plan costing and pricing budgets.

Capital investment planning is difficult because of the uncertainty caused by that volatility. It is known that larger companies with multinational manufacturing plants now prefer to invest in their European factories rather than in Britain. The greatest cause of concern is that the problems of the UK gas market are not being experienced by our European counterparts. That environment has seriously disadvantaged our industry, and it is known that bricks have been successfully imported from Europe, where the manufacturing cost base is less onerous.

Why has this been happening? The reason for the high prices in the UK is that our gas market has been liberalised in a way that the European markets have not. This means that third parties such as banks and traders are able to buy and sell gas speculatively, and the price is driven up and down according to the sentiments of the day. Those sentiments may be based on fundamental facts, such as cold weather forecasts and shortages in the gas fields, as in the Rough field to which I referred earlier, or they may be based on rumours such as

[Jeff Ennis]

forecasts of very cold winters, as was the case last November. It is of paramount importance that the market becomes more appropriate to the needs of industry, including the needs of the electricity producers; it should also be more in line with the markets of our European counterparts.

Industry is struggling to deal with the European emissions trading scheme legislation. That fits on top of our legislation dealing with the emissions that our factories send out into the environment. We are ahead of the rest of Europe in implementing that legislation, but we are doing it without first removing our own legislation. As a result, our industry is likely to be faced with two legislative hurdles rather than one. Furthermore, the burden of bureaucracy being placed on manufacturers is hard to bear.

Many brick companies are struggling to deal with that extra work, as it takes an ever larger proportion of management time. Not only that, but elements of the European emissions trading scheme are not fair; for instance, it puts great pressure on companies to reduce their emissions and, perversely, it is an incentive for companies not to reduce emissions before the legislation kicks in. Furthermore, if a large company such as Ibstock shuts an inefficient plant but at the same time starts up a new state-of-the-art brickworks, the new brickworks cannot adopt the emission permits of the old works.

David Taylor (North-West Leicestershire) (Lab/Co-op): Ibstock village is right next to my village. We are a major construction products constituency. As my hon. Friend said, gas prices quadrupled in November from 31p to 128p per therm, and have since gone up further. Does he agree that if the Minister does not reply to this point today, he should approach his ministerial colleagues to tackle the dysfunctionality in the European energy market, not just in terms of liberalisation, but in terms of the mergers and takeovers that have taken place, which mean that the market is damaging important firms such as Ibstock in my constituency, and Heather, my home village?

Jeff Ennis: I thank my hon. Friend for making those salient points. I hope that the Minister was listening because I shall certainly reinforce them later.

The Carlton Bricks of this world are much smaller than the Ibstocks. The brick industry is a broad church. We want to ensure that it remains so, and that it can maintain brick manufacturers of the size of Ibstock as well as smaller manufacturers such as Carlton Brick.

In a recent report commissioned by Centrica, Global Insight calculated that users of gas in Britain will pay an extra £10 billion this year because energy markets in continental Europe are failing to liberalise fully. That figure is half of the total gas supply bill for the UK. The report said that since the opening of the European gas interconnector, British Gas spot prices have been highly influenced by movements in European gas contract prices, which were directly linked to changes in oil and oil product prices. Trevor Sikorski, the lead author of the report, said:

"Our analysis shows that there can be little doubt that UK consumers are paying the price for Europe's failure to sufficiently open its energy markets as we become increasingly dependent on gas imports."

The Minister knows that I wrote to his colleague, the Minister for Energy, about this problem on 6 December 2005. I am grateful for the Minister for Energy's response, dated 20 February, which intimated some of the initiatives that the Department has embarked on to try to resolve this issue, including the establishment, in 2004, of the gas prices working group, which is chaired by the Secretary of State. I know that the Minister for Energy met representatives from the industry at No. 10 on 9 November 2005. His letter states that

"at the end of November, Ofgem announced the steps it was taking to ensure that the causes of recent movements in wholesale gas prices reflect changing supply and demand factors rather than market abuse or other distortions."

The letter then details those steps, the first of which is

"writing to the European Commission asking them to investigate why the interconnector has not been flowing at full capacity when UK gas prices are much higher than those in Europe".

The second step is

"asking the Commission to look at market arrangements in other countries that may be distorting trade"

in gas.The third step is

"asking National Grid to make sure that arrangements are in place to allow other companies to deliver"

gas

"through the Isle of Grain if the companies who bought capacity at the terminal are not using it."

The last step is

"asking Interconnector UK to provide us with information about who holds import capacity this winter to assist our ongoing analysis."

EU energy market liberalisation has to be a key priority as we become a net importer of gas. We need fair network access and greater integration of national energy markets, including more cross-border infrastructure to establish a level playing field across the whole of Europe. I hope that in his response, the Minister will expand on what progress is being made in this regard and what further steps need to be taken.

I opened the debate by talking about the industries in Grimethorpe that were closed under the Conservative Government: the pit, the Coalite works, the power station and the fluidised bed plant clean-coal technology. In its last six weeks of production in 1993, Grimethorpe colliery made an operating profit of a quarter of a million pounds. Clearly, that pit was closed because of political dogma rather than economic necessity. There are 60 million tonnes of known workable coal deposits embedded in the ground beneath Grimethorpe, which, hopefully, will be used at some point in the future. It would be ironic if the one long-established industry left in Grimethorpe which survived the Thatcher years were to close under a Labour Government because we could not establish a properly regulated, competitive energy market across the European Union. I look forward to hearing the Minister's response.

BEST COPY AVAILBLE

11.15 am

The Minister for Industry and the Regions (Alun Michael): It is a pleasure to speak under your chairmanship, Mr. Benton, which is benign but strict, as ever.

I congratulate my hon. Friend the Member for Barnsley, East and Mexborough (Jeff Ennis) on securing this debate. I should refer to him as the hon. Member for Grimethorpe, as he has conjured up images of the industrial skill and hard graft for which that area is famous.

I appreciate the difficulties faced by companies in the brick manufacturing industry. As my hon. Friend acknowledged, many parts of UK industry have experienced significant energy price increases. Domestic and industrial energy prices have an impact on both fuel poverty and international industrial competitiveness. We can take a certain amount of pride in the way the liberalisation and deregulation of the gas and electricity markets and the introduction of full retail competition have enabled market mechanisms to ensure competitive prices in the long term. However, there are some immediate problems, to which my hon. Friend has rightly referred.

Clearly, energy prices are linked to the competitiveness of industry. The Government share concerns about the potential loss of jobs and investment, but we must view the spike in prices that was experienced in the latter half of 2005, and the current pressures on the energy market in the UK, in the wider context. The Secretary of State for Trade and Industry and the Minister for Energy, who is taking forward the energy review, take the situation seriously, as do I, especially in relation to the industrial sector and the building industry. We are seeking solutions that reduce the impact on industry, especially energy-intensive users such as brick manufacturers.

My hon. Friend will acknowledge that as we become a net importer of energy—there has been an acceleration of that process in the past few years with gas in particular, which was faster than anticipated—we need to consider energy supplies in the long term. That is the underlying theme of the energy review policy, which the Minister for Energy is taking forward vigorously. That needs an intelligent debate. The slogans that come from some quarters—that nuclear is the total answer, that nuclear needs to be excluded, or that wind power is an answer and so on—are not helpful. We need an objective, well informed debate. I know that my hon. Friend and many other Members, on this side of the House at least, want such a debate.

David Taylor: The Minister will be aware that there were pre-existing trends in the brick industry that were not encouraging. Between 2000 and 2005, the delivered number of bricks fell by about 11 per cent. to 2.6 billion. Naturally, people who work in the industry and depend on it are especially concerned and will welcome today's debate.

Alun Michael: My hon. Friend is right. That was the underlying theme of the opening remarks of my hon. Friend the Member for Barnsley, East and Mexborough about the trends that we face as we become a net importer of energy being compounded by the short-term problems to which I have referred, and the fact that high-energy users such as the brick industry were already under pressure before those conditions occurred.

Jeff Ennis: The energy review is very important. The consultation will end midway through next month, if my memory serves me correctly. My right hon. Friend mentioned nuclear, but not coal. Does he see a future for coal as a major long-term energy provider in this country?

Alun Michael: My point was that we need to look objectively and afresh at all sources of energy to get balanced answers. I do not want to trespass outside my brief to speak for or against any of the options. I was merely encouraging hon. Friends to take seriously the objectivity of the consultation, as I know my hon. Friend does. As he knows, we have made a considerable effort to engage with all parts of industry ahead of this winter and with the more immediate problems to which he has referred.

Officials from the Department of Trade and Industry have held regular discussions with industry since the start of 2005 through the gas prices working group and more recently through the demand side response working group. The brick industry is represented on these bodies through the energy intensive users group and is directly represented on the business and Whitehall climate change group.

In addition, we have endeavoured to keep industry informed about the gas supply situation this winter by issuing a frequently asked questions pack in mid-December and again in early February. UK gas supplies are likely to be tight over the remaining part of this winter and, to some extent, next winter as the UK switches to being a net importer. Reliance on gas imports is not a new feature of the UK energy supply mix, but the scale of dependence will be higher.

There is evidence of projects coming forward to meet the gap between Great Britain's gas demand and the UK's continental shelf production as projected over 10 years from 2005, which include a 50 per cent. increase in the Bacton-Zeebrugge interconnector capacity on top of the doubling already completed in November 2005, two new pipelines from Norway and the Netherlands and two major liquefied natural gas import terminals in addition to the new Isle of Grain terminal, which is already open.

In the short term, we have raised issues with the European Commission and want to see the competitiveness of the energy market across Europe encouraged vigorously by appropriate action from the Commission. Gas is one of the key fuels used to generate electricity in the UK, so higher gas prices will inevitably lead to higher electricity prices.

In January 2006, prices in the UK were below the EU median for both domestic electricity and gas prices and will remain so even after the increases. Up to October 2005, industrial prices were no higher on the EU median. Provisional January 2006 estimates will be published in March 2006. In some parts of industry, particularly those that have already felt the impact of high energy costs and have had to deal with emissions issues such as those that have been referred to, energy prices were at the top of the agenda.

[Alun Michael]

I find that different parts of the industry have different responses. Some look, as they have for a long time, towards a mix of short and long-term purchasing of energy. Others appear to be reliant entirely on spot purchases, which mean lower prices, but they were disproportionately affected by the steep rise in prices in the spike towards the end of last year. It is clear that not only do the Government need to pay attention to energy prices, but industry needs to consider the long-term viability of its supplies.

Indications are that industrial gas prices are likely to be around the 1988 level in real terms, while industry electricity prices, including the climate change levy, are likely to be around 1997 levels in real terms. Provisional 2005 estimates for industry will, of course, be published in March 2006. In real terms, international oil prices are still below the levels reached in the late '70s and early '80s. Petrol and diesel prices, including tax in cash terms, have both fallen from the peaks reached in September 2005. There is a difficult area of volatility. We know that it is a problem, but the extent of the problem for different parts of industry is perhaps a little more difficult to define precisely.

It is also important to look at the future of the brick industry in terms not only of energy prices but of what is going on more broadly in the construction sector of which it forms a part. Bricks have been a key building block—I am sorry about the pun—of the sector for centuries. However, buildings are evolving and the brick industry needs to do so as well. It needs to be a core part of the industry improvement agenda, which is an active one. The brick industry is central to the future of our construction industry, which I regard as a success story.

I have had a lot of contact with the construction industry over many years. I chaired the planning committee of Cardiff city council. I was involved in the training end of the industry with young unemployed people, and I had experience as a client when we built St. David's hall and, more recently, during the preparations for the Cardiff Bay opera house.

From that period, and coming back into direct contact with the construction industry in my role as the Minister responsible for construction, I have been struck by how much more professional the industry is. It operates more through teamwork and has a better focus on the supply chain issues than was the case even a few years ago. It has responded very quickly, for instance, to the opportunity offered by the Olympic games. An industry committee, which I invited Peter Rogers to chair, has come back quickly with propositions to put the industry in the frame and to use the Olympic games in 2012 as a showcase. The construction industry obviously needs to be at the front of that, and we hope that all industries will take that major opportunity for a showcase.

It is important for the brick industry to engage in integrated teams to ensure that it understands what clients really want and need; what the issues are for project teams that use specific products within the construction industry; and how the sector can address such issues and delight those who use its products. I am sure that my hon. Friend will agree that the brick industry does not want its products to be counted merely on the number it takes to build a house, impressive though that is, but for the quality and texture of the material used for the best.

Perhaps I can take one example of that engagement with the wider interests of the industry. I know that the brick industry has had a love-hate relationship with the concept of modern methods of construction which the Deputy Prime Minister has promoted so hard. I can understand industry concerns that a prescriptive view of what comprises a modern method of construction should not be taken by Government. However, the approach has its roots in the Egan agenda and its purpose is to encourage innovations in construction to produce more and better housing in less time. It is not about promoting one particular system of technology.

Modern methods can include a range of approaches both on and off-site, using all materials: steel, timber, concrete and brick. My Department is working closely with the Office of the Deputy Prime Minister and the National Audit Office to see whether a performance-based definition can be devised that picks out key facets, such as productivity, quality, safety and sustainability. Industry will be deeply engaged in that work. We will be looking to industry to take a challenging view of the measures and benchmarks that might be used for the benefits of clients and society as a whole. I see it as a way to encourage innovation and continuous improvement. I welcome initiatives from the brick industry, such as the development of brick slips for use with off-site manufactured panels, as a way for the brick industry to engage with wider industrial development.

The problem is that people sometimes view the construction industry as a mature, low return, dangerous and, perhaps, from a City viewpoint, unexciting industry. That could not be further from the truth, as I know only too well from my engagement with the sector, which started when I worked on a building site in Berlin in 1964, if anybody really wants to look back.

11.30 am

Sitting suspended until half past Two o'clock.

Single Payment Scheme

2.30 pm

Miss Anne McIntosh (Vale of York) (Con): Welcome to the Chair, Mr. Benton; it is a privilege to appear before you this afternoon.

I am delighted to have secured this important debate. I refer hon. Members to my declaration in the Register of Members' Interests and draw their attention to my claim during the last election to have been the champion of the countryside. I said then that I would campaign to promote farming in the countryside; I invite the Minister to state what similar claims he made at the last election.

I shall give a little history to put the debate in context. On 9 March, the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for South Dorset (Jim Knight), assured me in the House that the bulk of payments under the single farm payments scheme 2005 would be paid by the end of March. That has clearly not been the case. Before that, on 7 March, the Under-Secretary, in response to my written question, stated that he was

"pleased to report that the first Single Payment Scheme (SPS) payments were released from the Rural Payments Agency (RPA) on 20 February 2006. RPA is continuing in its efforts to make the bulk of payments by the end of March, and all payments are expected to be made before the 30 June 2006 regulatory deadline."—[*Official Report, House of Commons*, 7 March 2006; Vol. 443, c. 1258W.]

In the interim, the Secretary of State announced that the fiasco of the non-payment had led to the removal of the RPA's chief executive, who would be replaced, and that the review would be overtaken. As recently as Monday of this week, the House learned that as yet the Government do not seem to understand the gravity of the situation and the distress that it causes. That is the issue that I wish to explore.

The Government have presided over an unprecedented crisis of confidence in all sections of the countryside, from the foot and mouth epidemic to the latest fiasco of the non-payment of single farm payments in North Yorkshire and throughout England. The Government seem incapable of legislating on and administering farm matters.

The Rural Payments Agency is based in Reading, and that speaks volumes. I have nothing against Reading or its inhabitants, but how can someone who lives and works there be expected to have an understanding of and sympathy with the issues that concern those living in rural North Yorkshire? It beats me.

A number of my right hon. and hon. Friends who served with distinction in the former Ministry of Agriculture, Food and Fisheries are in the Chamber. I have consistently argued that since that Ministry was replaced, any person starting work at the Department for Environment, Food and Rural Affairs, or one of its agencies such as the RPA, should work in a trainee capacity for at least three months in every aspect of farming. They should visit auction marts, haulage firms, abattoirs and farmers markets and also supermarkets to see how the end products are sold.

Those officials are immensely powerful. They advise Ministers on what rules can and should be passed in both Westminster and Brussels. We now know the extent to which EU directives can be and are being ultimately embellished and gold-plated by quite low-placed officials. On top of that, they can never be contacted easily. Like every other Government agency—the Inland Revenue with its tax credits and the Child Support Agency with its child support payments—the RPA has descended into such a shambles. The Secretary of State had to sack the RPA chief executive.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Does my hon. Friend accept that one of the most astonishing things for those of us who have served in a Government is that DEFRA Ministers were not carefully monitoring the workings of the RPA? Will she press the Government on how Ministers could have been unaware of the catastrophe that was building up? Further, does she agree that this is a matter of ministerial responsibility? An Under-Secretary at least should go—probably the Secretary of State as well.

Miss McIntosh: I am grateful to my right hon. and learned Friend for that powerful and eloquent contribution. One of the sadnesses is that on numerous occasions in this sorry saga, a number of my right hon. and hon. Friends and other hon. Members have impressed on the Government, DEFRA and its Ministers that the payments were not being made and would not be made in time.

Mr. Patrick McLoughlin (West Derbyshire) (Con): The situation is slightly worse than my hon. Friend has just explained. The Government were warned by a proper report of a Committee of this House, but they ignored that and relied on officials instead. The dangers were brushed aside; a Minister went on the radio to say that the warnings were a nonsense and that the Select Committee Chairman did not know what he was talking about. However, it seems that the Chairman knew what he was talking about and the Minister did not.

Miss McIntosh: I could not have put that more eloquently myself. We are fortunate in having the Select Committee Chairman and the rapporteurs with us this afternoon.

Mr. Michael Jack (Fylde) (Con): Will my hon. Friend also note that an earlier report of the Environment, Food and Rural Affairs Committee flagged up concerns in October 2003 about the capability of the RPA, the process of change on which it had embarked and the state of its IT system?

Miss McIntosh: I am grateful to my right hon. Friend, and the House is grateful for the Select Committee's excellent reports. I have not had the benefit of reading all of the 2003 report, but should like to highlight two of the conclusions from the most recent report. They highlight the failure of the computer system, which led to cost overruns, and question the whole contract. Conclusion 7 speaks for itself:

"We are deeply unimpressed by the failure of Defra and the RPA to plan properly for the process of administering payments under the Single Payment Scheme."

That lends huge support to what my right hon. and hon. Friends have said.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): The factor that should have loomed large in the Secretary of State's mind was that she had chosen to use a more complex system than that used in Scotland and Wales, where farmers had been paid. Having made that decision, she should surely have been aware of the extra effort needed to make the payments system work.

Miss McIntosh: I agree entirely with the right hon. Gentleman. I hope that he will support our call for Lord Bach at least to be removed from office.

Angela Browning (Tiverton and Honiton) (Con): Before the Secretary of State sacked the chief executive, I had tabled named-day questions asking how many applications for payment had been received and how many payments had been made, nationally and in Devon. That was a pretty straightforward question, but I am still waiting for the answer.

Miss McIntosh: I hope that my hon. Friend receives that answer this afternoon.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Member for Brecon and Radnorshire (Mr. Williams) and I had the pleasure of being the rapporteurs on the Rural Payments Agency during the first inquiry and the immediate aftermath in early 2006. Does the hon. Lady not acknowledge that the problems with the computer system's specification, design and implementation are unique neither to this Department nor to this Administration? The public sector especially contains senior civil servants and Ministers who are particularly susceptible to the blandishments of the snake oil salesmen who populate the computer software package industry. That is at the heart of our problem.

Miss McIntosh: The only issue that I would raise with the hon. Gentleman is that the Government seem to be developing expertise in making computers that do not appear to be fit for purpose.

Mr. Lindsay Hoyle (Chorley) (Lab): I thank the hon. Lady for being generous with her time. The chief executive has rightly gone. The computer system has failed. However, the bottom line is that this is about the plight of farmers, who are not receiving their income. I want a contribution from those computer firms that have let farmers down. Compensation ought to be paid on late payments to ensure that farmers do not suffer. Does the hon. Lady agree?

Miss McIntosh: I am sure that the Minister is better placed to comment on that particular aspect.

May I also draw attention to the Committee's conclusion and recommendation 8? It states:

"Most significantly, we were staggered that, so close to the proposed date for making payments, and nearly a year after that date was announced by the RPA, the Minister could still not give us a definitive statement about when payments would be made, or whether they would be full or partial payments."

I hope that my right hon. Friend the Member for Fylde (Mr. Jack) and his honourable rapporteurs on that Committee will agree that one of the most sinister developments, to which my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) just alluded, is that Ministers are distancing themselves from holding any degree of responsibility for agencies such as the RPA. That is totally unacceptable.

Tony Baldry (Banbury) (Con): Ministers have given, as recently as this week, an undertaking in the House that payments would be made by the end of March. Does any Member in this House know of any farmer who has received a payment? I do not believe that a single farmer in the land has received a payment. If payments have not been made by the end of this month, Ministers must account for that.

Miss McIntosh: I endorse what my hon. Friend said. To my knowledge, not one farmer in the Vale of York or North Yorkshire has been paid. I have proposals to put to the Minister to correct that situation. The Minister must agree that there has been a catalogue of errors and misunderstandings leading up to the present fiasco of farm payments, ranging from applications being lost to maps being woefully mismanaged by officials. My hon. Friend alluded to the fact that that has resulted in most farmers in England simply not being paid, whereas in Scotland and Wales farmers have been paid in full. Our farmers have been paid not a penny piece.

Mr. Michael Wills (North Swindon) (Lab): I grateful that the hon. Lady has been incredibly courteous in giving way so often. I do not want to pile on the agony for my hon. Friend the Minister, who I know is a conscientious and diligent man. However, I must ask the hon. Lady whether, in addition to the catalogue of errors that she is listing, there has not also been a woeful absence of common sense in dealing with these problems. May I draw her attention and that of the Minister to the case of one of my constituents who has been engaged in a protracted negotiation with the RPA about a tiny amount of land? The difference between them is 0.02 hectares, which makes a difference in the payment of £4.40. The protracted wrangling over such a tiny sum cannot be cost-effective for the Department and it is stopping my constituent receiving any payment whatsoever. Surely common sense could be applied in such cases and some payment could be made.

Miss McIntosh: I hope that the hon. Gentleman will support my argument that the people involved do not have a sense of the countryside, are failing it and should spend time in it working with its various aspects. I lend support to his comments by quoting an RPA response to correspondence from a constituent of mine who farms at Kilburn in the Vale of York. It stated:

"It is true that the Customer Service Centre (CSC) in Newcastle experienced some problems in the immediate months following its creation in February 2005."

I pause because of that understatement. It continued.

"An unprecedented number of calls and a shortage in experienced staff led to some farmers experiencing difficulties. RPA has addressed these issues and is working to ensure that all 'front-line' staff are able in future to answer the majority of SPS questions put to them. I am sorry that this was not previously the case for"

your constituent.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Does my hon. Friend agree that there is an absolute bottom

line that we need to achieve from this debate? At this very moment some farmers are receiving demands, not least from their landlords. If they do not pay their rent, they will be given a notice to quit and they will lose their entire livelihood. Will she press the Minister to ask the European Community to release some money immediately so that, in such cases of real hardship, payments can be made as soon as possible?

Miss McIntosh: My understanding of the legal position is that that will not be necessary and that the situation is quite the reverse; the Government have the money available and are not releasing it, but they will face a penalty if it is not paid before the end of June. My hon. Friend has identified the problem for tenant farmers in particular. They have no assets against which they can borrow.

2.45 pm

Sitting suspended for a Division in the House.

3 pm

On resuming—

Miss McIntosh: There is a catalogue of errors and misunderstandings, spanning a considerable time, leading up to the present fiasco with farm payments. Those errors range from applications being lost, to maps being woefully mismanaged. That left most farmers in England not being paid, whereas Scottish and Welsh farmers have been paid in full. The hybrid approach taken in England has proved unnecessarily complicated; it amalgamates historical payments based on those paid to individual farms in 2001–02, and is paid on a regional basis.

In Wales and Scotland, a far simpler historical calculation has been used alone, meaning that farmers there have been paid in full, as I understand it. That has had the perverse effect of Scottish and Welsh farmers coming to auction marts in Thirsk and elsewhere in Yorkshire and outbidding English farmers, as they can pay more per animal on the back of their single farm payments. To compound the plight of the local farmer, most farmers in other EU countries have by now been paid the single farm payments in full.

Mr. Philip Hollobone (Kettering) (Con): Does my hon. Friend accept the point made by Mrs. Rosemary Eady, a farmer in my constituency, who writes to me to say:

"Given that HMG received EU funding for the SFP in December where is that money now? Why cannot it be paid before validation? . . . Who is profiting by the delay in payment? The answer must be the Exchequer"?

Miss McIntosh: I await with bated breath the Minister's response to that intervention.

3.2 pm

Sitting suspended for a Division in the House.

3.16 pm

On resuming—

Miss McIntosh: Those developments were against the background of a new scheme that was meant to be simpler and easy to administer. Farmers face hardship locally and nationally. Why have 91 per cent. of Scottish farmers received their single farm payments when only 2.4 per cent. of English farmers had received theirs by the beginning of this week and, I understand, between 13 and 23 per cent. of them have as of today?

Mr. David Drew (Stroud) (Lab/Co-op): With the benefit of hindsight, everyone would say that the hybrid payments were a dreadful mistake, even the Select Committee. However, that does not excuse the fact that historical payments are indefensible in this day and age, because the common agricultural policy needs to be reformed. Does the hon. Lady know who the 50 per cent. additional claimants are? I have been trying to ascertain why the numbers are so drastically wrong and why that was not built into the calculation.

Miss McIntosh: The hon. Gentleman has rightly identified why the scheme is so complicated. Our constituents would be happier if we reverted to a system that was more akin to the devolved Administrations', so perhaps the Minister could throw some light on that.

Fewer than 2,500 farmers in England had been paid their allocation by the end of February 2006, whereas the Scots farmers had been paid in full. A well known local farmer, Mr. Woodhead of Felixkirk, has asked me to raise a case of which the Minister is perhaps not aware. There are number of auction marts in North Yorkshire, not least the one in Thirsk, where the single farm payments have led to an unacceptable distortion of the market. The Scots and the Welsh farmers are outbidding our local farmers because they have cash in hand from the farm payments.

Mr. Hogg: That could be readily cured by a payment of interim payments.

Miss McIntosh: Indeed—my right hon. and learned Friend pre-empts my concluding remarks.

As one farmer told me, the single farm payment was supposed to reduce the bureaucracy associated with the old integrated administration control system. It was meant to replace myriad farm subsidies, premiums and special payments, and it was meant to be simpler, but to date that has not happened.

Mr. John Hayes (South Holland and The Deepings) (Con): For all its faults, the old Integrated Administration and Control System at least allowed for a margin of error and for the Government to recover moneys paid in error. The new system seems to depend on such a level of precision that the money is never actually paid. Surely the Minister understands that. I appreciate that he has perhaps taken his eye of the ball, but now—*[Interruption.]* The Minister says that that is not his fault—"It's not me, guv"—but that is often the cry of people in such circumstances. Urgent action is now needed. Payments need to be made on an interim basis, with any minor discrepancies sorted out later. People in Lincolnshire and elsewhere are desperate. They want strong action from a Minister who desperately needs to recover his reputation.

Miss McIntosh: I would go further and add that the Minister and the Government need to accept ministerial responsibility.

[Miss McIntosh]

Farmers Weekly of 24 March said that farm debt had broken the £10 billion mark. The level is estimated to be increasing by £13 million a month in interest payments alone. As I have mentioned, 90 per cent. of English farmers are waiting for the single farm payment to be paid. Farmers are struggling financially to keep their businesses afloat and the knock-on effect on the agricultural supply trade is dire. Farmers still have to pay bills as they come in but they have received no payments for up to a year and face growing debt with emotional and financial pressure on all concerned. That is particularly so for tenant farmers who are unable to borrow because they have no assets against which to borrow.

I want to share with the Chamber representations from the agricultural industries confederation, which is the trade organisation for the agricultural supply industry. It wants us to be mindful of the need for farmers to fund the purchase of inputs ranging from animal feeds to sprays and fertilisers when they face a major hole in their cash flow due to the lack of single farm payments. To date, DEFRA does not seem to have grasped the seriousness of that.

A rule of thumb in the view of the confederation is that the industry has a month-on-month level of indebtedness of around £50 million. That figure was established with some certainty at the time of the foot and mouth outbreak in 2001. It relates to bills that farmers have outstanding at any one time in normal monthly credit arrangements. During the foot and mouth epidemic, that monthly figure rose to £80 million and the confederation believes that there has been a 35 per cent. increase in the level of indebtedness between farmers and their suppliers since the end of 2005. That is in addition to the increased level of borrowing reported by clearing banks. Lloyds TSB recently estimated that increased borrowing due to delayed payments was costing the agricultural industry around £8 million a month. That scale of increase inevitably will place severe pressure on the agricultural industry's fundamental ability to operate and the agricultural supply industry is concerned that that artificially created situation will inflict lasting damage on the UK's agricultural industry and the livelihoods of those working in it.

I want to ask the Minister a number of questions reflecting what right hon. and hon. Members have said this afternoon. Why did Ministers not act sooner to address the problems at the Rural Payments Agency? We and a number of stakeholders gave information on a number of occasions, not least from the Select Committee report onwards. Will Ministers now apologise to farmers for the real stress and financial costs of the delays? What lessons will be learned from the announced RPA review and why is the review not examining what went wrong over the past year? What assurances can be given that the same mistakes will not be made again? Why is there no stakeholder representative from the industry on the review team and why is the chairman of the review someone from DEFRA rather than an independent person outside government? Will the review be published in its entirety and promptly when it is finished and will Parliament have the opportunity of debating it?

The Government must ensure that farm payments are paid immediately and in full. An interim payment of 80 per cent. in the next three weeks would be particularly welcome. It is disappointing that the Secretary of State in response to an urgent question from my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice) this week did not promise interim payments and has so far stated only that windows for payments remain open until the end of June. Will the Minister confirm that there will be immediate payments or that the payments will be made in full? It is unacceptable, but inevitable, that tens of thousands of applicants will have unvalidated entitlements from the 2005 single farm payments and not be paid by the time they must apply for 2006.

Farmers feel badly let down. The Government gave an undertaking that 96 per cent. of the first single farm payments would be paid by the end of March. Farmers consequently budgeted on that promise and have been very badly let down.

Possible solutions, which I hope the Minister will share with us this afternoon, are that payments will be made immediately and, if necessary, the Government will override the computer system so that payments can be made manually. Emergency measures are required and payment within the next three weeks is vital. At the very least, the Government should consider paying interest for the delayed loans. Many farmers owe the banks serious money because of the chaos.

I am delighted to have secured this debate and I look forward to hearing what my right hon. and hon. Friends, other hon. Members and particularly the Minister have to say.

The Chairman: Before I call the next speaker, I shall take the opportunity of reminding right hon. and hon. Members that I propose to start the wind-ups at 4 o'clock. If speakers could be as brief as possible, I shall try my best to call everyone.

3.25 pm

Mr. David Drew (Stroud) (Lab/Co-op): I shall be brief because I have rehearsed the two points that I want to make.

This has been a disaster and the hybrid idea should never have been allowed to be taken forward. To be fair, the hybrid did not come from the Government. It came because farming organisations looked at compromises in the systems that apply to different parts of the industry. I well remember receiving representations one week from the potato committee of the National Farmers Union which was desperate to have area payments in place. The following week I received representations from my dairy farmers who were desperate, particularly those in the south-west, to keep the historical model in place.

I think the Government made a mistake. Fudges never work and this fudge has, with the benefit of hindsight, been an unmitigated disaster. I hope that we shall learn from that.

Paddy Tipping (Sherwood) (Lab): The mid-term review and further changes in the common agricultural policy will inevitably mean new and different forms of

payment. Is not the lesson to be learned from the experience that policy must be backed by good practice and management?

Mr. Drew: I agree entirely and I hope that the Government will learn that lesson wholesale. We must go forward. I entirely agree with the hon. Member for Vale of York (Miss McIntosh) that farmers are suffering. They have been suffering for some time because we have already delayed the payments considerably. Under the old system the payments would be being banked. Farmers have already had to wait and I have never been satisfied with the idea that the banks are expected to take the strain. When farmers are indebted through no fault of their own, they have to go to the banks and build up large debts on which they are expected to pay interest in the long term. The hon. Lady's call for some compensation and understanding is morally justifiable and I hope that the Secretary of State will take account of it.

I have already rehearsed my other point about who is entitled to claim the payments. It is depressing that, according to the figures, we are dealing with a much greater number of people than was calculated when the IT system was set up. Someone, somewhere got that wrong and there is a real problem in the way in which we define farming in this country. It was bad enough under the old system, but we seem to have found another system whereby people whom I do not define as farmers and who do not need the income to be able to carry on with their everyday life are putting in claims. The problem is that one claim cannot be settled until they have all been settled. That is a fundamental flaw in the system. I knew that interim payments would not be popular, but at least that was a way of guaranteeing that those farmers who had received payments in the past and needed the payments to carry on with their everyday farming would receive them. There should have been some way in which that system could be brought forward. Yet many new people are now seeking entitlement and I have serious misgivings about the quasi-market that is developing whereby people farm entitlements, not produce. We have learned nothing from milk quotas: we are creating disaster for the future, when the entitlements will be worth something but potentially will be divorced from the land.

I know that it should not happen that way, and that the Select Committee has been assured that the system will be so clever that it will work. However, the way that it has been set up so far has not been a great success. I shall leave the issue, as I know that others want to say much more about it, but I am not at all confident about relying on an IT system to deal with policy, or to deliver the policy to fruition. My hon. Friend the Member for North-West Leicestershire (David Taylor) and the hon. Member for Brecon and Radnorshire (Mr. Williams) have looked at this much more carefully, and I hope that they will catch your eye in due course, Mr. Benton. What we learned was that perhaps it is unfair to blame only the IT company, as it was forced to deal with attributes that were different from those that were originally set up.

Lynne Jones (Birmingham, Selly Oak) (Lab): The Minister stated in a letter to the Select Committee that the original contract signed in January 2003 identified that there was to be a mid-term review and that the Commission's proposals had been published, and we were told that

"the impact of reform would not be significant on the overall IT solution".

It was anticipated that there would not be that much difference, yet the annual cost more than doubled, from £18 million to £37.4 million.

Mr. Drew: My hon. Friend has done the numbers. I do not pretend to have the same detailed understanding, but it does say something that we are entirely dependent on the IT system.

The question was asked earlier as to whether we could go back to a manual system. If only it were that easy. To be fair to the Rural Payments Agency, the staff have been working day and night to try to shift the figures. The system itself is fallible, the way in which we approached the policy was wrong, and, dare I say it, the definition of "farmer" ought to nailed down so that we pay money to those people who genuinely need it and who are doing a job that we want them to do, rather than to people who pick it up as spare cash. That is unacceptable.

3.32 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): I congratulate my hon. Friend the Member for Vale of York (Miss McIntosh) on securing this debate. I rise not only as someone who has a fairly large farming community in their constituency but as a former member of the Environment, Food and Rural Affairs Committee and a Front-Bench spokesman on farming. I shall start with some broad issues and then quickly come down to some specifics.

First, there is the question about the competence of the Department for Environment, Food and Rural Affairs. The second question is about the impact on the farming community. It was unfortunate that the hon. Member for Glasgow, South-West (Mr. Davidson) made comments about farmers having their snouts in the trough in the debate on the urgent question. The third question is for all of us who are taxpayers, as we are talking about public money.

Angela Browning: As a member of the Public Accounts Committee, I suggest that Sir John Bourn and the National Audit Office should investigate the matter and do the analysis that is needed. Would my hon. Friend support that suggestion?

Mr. Simpson: Yes. To be fair, instead of amateurs like us, a body such as the Public Accounts Committee should have a look at the issue.

I would not mind so much if the problem had not been flagged up years ago. In fact, I participated in the Committee wherein the old intervention boards were abolished and the Rural Payments Agency was set up. The verbatim account of that Committee indicates that other hon. Members and I put forward two sets of questions to the then Minister, now the Minister for Climate Change and the Environment. The first was about who was accountable. The Minister said that it was, of course, the chief executive of the RPA, but that responsibility and accountability ultimately lay with

[Mr. Simpson]

Ministers. So let us not have any shuffling off of responsibility. I am not getting at the Minister who happens to be sitting in the seat on this, but there is a case for ministerial accountability.

Secondly, we flagged up the whole business of whether the RPA could manage the computer system. The Secretary of State got the wrong end of the stick when I made this point during the urgent question. She said that we were dealing with an entirely different system that had to be brought in because of the single farm payment, but she missed the point. Five years ago, we were raising questions about a relatively simple system, not a complex one. I agree with the hon. Member for Stroud (Mr. Drew). I believe that there is something in the culture not just of Whitehall but of DEFRA that needs to be examined. It could not manage even a simple system.

I would have thought—there are colleagues here who have been Ministers—that, given that track record, just out of self-preservation, they would have asked some difficult, hard-nosed questions. It is not enough for the Secretary of State to say that she has taken responsibility by sacking the chief executive. That is not my definition of taking responsibility. After all, she introduced the single farm payment scheme, and she is ultimately responsible.

I would like to put a few brief questions to the Minister, very much along the lines of those asked by my hon. Friend the Member for Vale of York. As we all know, the key issue is that the payment window closes at the end of June 2006, yet when pressed on that in the urgent question, the Secretary of State stated:

"I cannot give him"—

that is, my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice)—

"a pattern of payment between then and now."—[*Official Report*, 27 March 2006; Vol. 444, c. 545.]

The question is, why not? At what stage does the timeline run out? We are discussing not just the livelihoods of thousands of farmers but the wider rural community, and, as hon. Friends have said, we are running up against next year's scheme as well. There is a timeline, and Ministers must have some idea. Perhaps they could share that with the House.

The second issue—non-validated interim payments—has already been raised. It has been put to me by many farmers in my constituency. Once again, the Secretary of State's comments during the urgent question were inadequate. She stated:

"We are not ruling out the potential for interim payments, but we are reluctant to make interim payments if there is any possibility of their jeopardising the time scale for making full payments."—[*Official Report*, 27 March 2006; Vol. 444, c. 545.]

When will the Minister know that the timeline has been passed? Officials in the RPA must have some idea. My fear is that they will realise that the system will not work but will be unable to make interim payments in time to stop many farmers going bankrupt. We all have large numbers of such cases in our constituencies.

What conversations and discussions have Ministers had with the major banks about tiding farmers over during this period? Evidence has already been produced by my hon. Friend the Member for Vale of York that the deadline was 25 March for the half-yearly payment for a large number of tenant farmers. We really are up against the wire.

The Minister is carrying out a review, but what confidence can we have that the IT will be able to cope with the mapping, which now seems to be the key issue? It is not something that will make any difference to the current crisis, but it is something that we must get right.

My final comment is from Mr. William Brigham, a farmer in my constituency who e-mailed me. He spoke briefly about the e-mail, paper and telephone chase that he had been having over the past few months. He was not angry. I believe that he is like an old soldier—he just expects such problems. He concludes by stating:

"It is interesting to note that our area"—

mid-Norfolk—

"is covered by the Northallerton office, we sent our application to Carlisle, and all the latest contact is with Exeter."

I rest my case.

3.39 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): We must not lose sight of the fact that, irrespective of how many tonnes of metaphorical slurry we dump over the heads of civil servants, and irrespective of how many Ministers are transferred to the silo of the Whips Office or the wide open spaces of the Back Benches, the people who are suffering are our constituents: farmers who went into the system in good faith. Of course, post mortems do not revive bodies and I am pleased to hear from farmers present that DEFRA has started to prioritise what seems to be a reasonable group. It has decided to prioritise the middle range of historical claimants, but will not yet be drawn on what the exact definition of that band is. It would be useful if the Minister were to tell the House what those definitions are later on.

Regarding the rate at which payments are made, we heard yesterday the statement that around 23 per cent. of claims by volume had been paid and about 13 per cent. of payments by value, so an awful lot of money is still to be paid to people who have been really hard pressed for a good number of years.

Tony Baldry: The debate has quite rightly focused on payments, but as my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) said, we must have some focus on mapping. Many farmers still cannot get at the payments until the mapping is sorted out. In a typical case, one farmer in my constituency has had 10 different sets of maps sent to him—all inaccurate—and has been threatened with prosecution because a 0.01 error is alleged against him. That is crazy.

David Taylor: I acknowledge that. I spent three decades in the world of information and communications technology and large-scale systems. We do not have the time to deal with that but my fellow rapporteur, whom I shall call my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams), looked in particular detail at that when we went to Reading.

My hon. Friend the Member for Stroud (Mr. Drew) made the point that the complexity of the system is at the very heart and root of the problems experienced, which

is partly true. It was always possible for the Government to have a hybrid system where in year one the historical element was 100 per cent. In other words the transfer and increase in area payment could have started in year two. That was always a possibility and it was always likely that there would be problems in such a system on the scale we have seen.

It is easy to be wise after the event, but I have never encountered such a large-scale system in which the estimates of resource required were taken directly from the volumes of people in receipt of historical payments. It would have been professionally desirable or even expected to take small samples of land holdings in various parts of the country, analyse the expected volume and complexity expected to arise and then extrapolate from that. That would have produced a far more accurate picture of what the RPA was facing, so I do not accept that the hybrid element is necessarily at the root of the problems.

It is very much a human tragedy for some farmers. I quote from an e-mail that I shall anonymise:

"At a recent NFU meeting at Oaks in Charwood (where there were around 120 farmers) not one farmer had had their payment and not one had had a validated entitlement form either!"

The e-mail continues:

"I have had to take out more borrowings from the bank to bridge the difference in my cashflow, and to keep my business afloat. I am not on my own. I have outstanding invoices from other farmers dating back from last November as they cannot afford to pay me."

A particularly incestuous spiral is being pressed down because of the enormous amount of inter-trading that goes on in agriculture.

Patrick Hall (Bedford) (Lab): On my hon. Friend's point about compensation, given the fact that the bulk of farmers had a clear expectation that they would receive full payment by the end of March, does he agree that there is a reasonable case for compensation to be made by the Government in at least the form of an interest payment on bank overdrafts that have to be carried from April until payments are received?

David Taylor: I have a great deal of confidence in the Minister and I have every expectation that in a masterly winding-up speech he will lead to a climax that announces just that sort of compensation. It is morally necessary and economically required for the reasons I gave.

Like other MPs with a rural or mixed constituency, I am in regular contact with the National Farmers Union and its members in my area, and during my nine years in this place, I have never encountered the depth of concern and angst now being experienced. I include a comment from Pat Stanley, the chairman of the North-West Leicestershire NFU:

"To make matters worse, the helplines that the RPA has put in place, have proved ineffective. There is now a growing sense of frustration and anger over the RPA's inability to make the system work. The RPA and Ministers have made a series of promises about the performance of this new scheme and all the evidence to date suggests that these are being consistently broken."

She concludes:

"It is vital for the farming industry that the payments get to producers as soon as possible. Please can you do whatever you can to impress upon Defra and the RPA the difficulties which their non performance is causing for the industry and the need for immediate action to put matters right."

That is the purpose of this debate.

Mr. Hayes: The hon. Gentleman is speaking with characteristic candour and clarity about the matter. Farmers in my constituency, such as Tony Gent and Robert Congreve, have also been in touch, and I wonder whether farmers in his constituency are pressing him in a similar way to ask the Government for a timetable for what is about to happen. Spring is coming up with all its associated costs, such as farmers' input costs, rent charges and so on. It is vital that we get action and a timetable for action quickly because cash-flow problems beset our farmers. Has the hon. Gentleman received such representations? If so, will he pass them on to the Minister in his speech?

David Taylor: That is a fair point, and the Minister will have heard it.

In my experience the 80–20 rule comes into play. Once the system is broadly in place, perhaps 20 per cent. of the administrative effort will handle 80 per cent. of the cases that the system is designed to process, but substantial and disproportionate amounts of effort will be needed for some of the more complex cases. It would be a serious and fundamental mistake to extrapolate the situation at some date in late May, mid-June or whenever from the figures that I cited earlier about 23 per cent. of claimants having been dealt with by yesterday.

I shall make two further points, and then sit down because so many people want to speak. The RPA and its senior management massively and negligently underestimated the work involved. That was clear from day one, from the first few seconds when we walked through the door of the RPA office in Reading. I do not hold responsible the middling ranks of staff at the RPA in Reading and elsewhere. They have worked tremendously hard under the worst possible circumstances, such as the threat of redundancy, the use of agency staff and a lack of clear information. That process was driven by Accenture, which I hold rather more responsible than my hon. Friend the Member for Stroud does. The fact that its revenue costs have doubled during the development period of the system is absolutely dreadful.

I hope that the Minister and the Government will learn from that, and cool their ardent love affair with the private sector in the design and implementation of large-scale IT systems. I ask the Minister to listen to the people in the departments concerned, and involve them in the process. They have given their lives, careers, energy and commitment for a very long period to their area of interest: in this case, the RPA IT application system. Listen to them; do not be too persuaded by the blandishments of firms like Accenture. I do not hold responsible the middling ranks of people in the RPA.

Finally, the farming community, this House and the taxpayer deserve a full explanation of why interim payments could not have been made and could not have been built into the timetable for all claimants. The fact that there was a need to calculate all payments before any payment can be made was absolutely barmy. It flies in the face of logic and the face of finance. It would have been possible to pay three quarters of the estimated amount and allow for the fact that there would be a

[David Taylor]

variability in other things still to be calculated. That was wrong, and I hope that future Ministers in other Departments and in other Administrations will learn from the debacle we have seen during the past 21 months.

3.49 pm

Mr. Philip Dunne (Ludlow) (Con): I shall try to keep my remarks as brief as I can. I congratulate my hon. Friend the Member for Vale of York (Miss McIntosh) on securing this excellent and important debate. I remind the House of my entry in the Register of Members' Interests. I am a partner in a farming business, which, incidentally, received a letter of entitlement indicating that we farm 90 hectares more than we do. As a consequence, we are in the category of the unvalidated—or the great unwashed.

I deeply regret that we are having to have this debate at all. I shall not dwell on the reasons for the chaos in the Rural Payments Agency, because they have been well catalogued by other hon. Members. I should like to touch on the scale of the complexity and the numbers from the perspective of my constituency.

We are told by the Department for Environment, Food and Rural Affairs that there are 120,000 farms in England. I think that it means 120,000 holdings, and there is a difference between farms and holdings, which may in part explain the confusion about numbers. I am led to believe that only 68,000 of those farms are more than 20 hectares. Some Labour Members have referred to the fact that farms below that level are, in many cases, hobby farms, although there are some specialist farmers who farm small acreages. It is the larger farmers for whom the payments are so critical to the viability of their business.

There is a business in my constituency, Farming Online, which maintains a database of about 35,000 mostly larger, arable farms. Its director, Peter Griffith, told me when I was preparing for this debate that the survey he has conducted through Farming Online's website indicates that, of 2,210 respondents as of this morning, only 140 have been paid their single farm payments—a mere 6.3 per cent. of respondents. That compares with the Government's statistic, in the Library briefing, that 32.5 per cent. of farmers have been dealt with correctly. There is an enormous discrepancy between those numbers. An even more startling figure is that, of those who replied to the survey, 86 per cent. have received unvalidated entitlement letters.

The chaos in the Rural Payments Agency is apparent to all of us from constituency cases. I shall illustrate a couple that have come to my attention. At a meeting of the National Farmers Union West Midlands last night, DEFRA was considered as much a part of the problem as the RPA. Previously, a farmer could at least rely on being dealt with by one case officer at DEFRA or its predecessor, the Ministry of Agriculture, Food and Fisheries, however unhelpful they may have been, but now, papers get shuffled from one office to another—in the case of one of my constituents, from Crewe to Reading to Exeter. No individual case officer is responsible, so no one takes responsibility for a case, and there is no telephone line to follow it up.

Mr. Richard Benyon (Newbury) (Con): I, too, have a declarable interest as a receiver of payments. Does not my hon. Friend agree that the questions that Ministers must face also relate to the fact that there has been a complete lack of common sense? At a time when it is introducing a complex system, the RPA is being forced to close two of its offices, and it is reducing staff numbers, as we have heard from Labour Members, and employing large numbers of temporary staff and contract labour. Does not my hon. Friend agree that Ministers must consider how a system could be brought in when such bizarre employment practices are being carried on?

Mr. Dunne: My hon. Friend makes a good point. There is a clear difficulty in bringing in large numbers of contractors who have not been properly trained to operate systems that do not work properly. Inevitably, there will be chaos.

Tony Baldry: Is not one of the many problems for farmers the fact that they cannot find anyone to talk to? When they get in touch, they are either told to go to the website or sent another form. They find that it adds insult to insult.

Mr. Dunne: Indeed. There is a paper trail going wrong in every direction. One office cannot speak to the other, and it has no idea where the files are. I have a good example. Mr. Howard Fish, a farmer in my constituency, rang the RPA in Newcastle and was informed that it still had outstanding issues with the digital map that he submitted, which he needed to correct. It was suggested that he contact the Reading office, which he duly did, only to be told by Reading that his map was correct. One side does not know what the other is doing.

One of my constituents is so angry with the delay, she is thinking of charging DEFRA interest on the monies due to her. She is prepared to go to court to do so. I hope that the Minister will address that when dealing with the points made by Labour Members.

Tim Farron (Westmorland and Lonsdale) (LD): I am sure that the hon. Gentleman is aware that farmers in less favoured areas are suffering even more than average, not only as a consequence of the nature of their business, but because the majority of them have yet to receive their hill farm allowance, irrespective of the fact that single farm payments have yet to be made. Will he comment on that?

Mr. Dunne: The hon. Gentleman speaks with some authority on that subject, as he is chairman of the all-party group on hill farming, on which I have the pleasure to serve. I completely agree. That issue must be addressed, and I hope that the Minister will pick up on it in his winding-up speech.

Several hon. Members have discussed the fact that this is a critical time for the business viability of farms. Tenant payments and fertiliser payments are due, and hon. Members must remember that the single farm

payment relates to the entirety of 2005. For many farmers, their support payments have been pushed back and back, year in, year out. People used to receive their payments in November. Then it was pushed to December, then it became January, then we were told March, and now I am told by somebody who attended the NFU meeting last evening that the talk is of August. At that point, the Government will incur significant EU penalties. I hope that they do not go down that route.

I should like to touch on the human consequences of this tragedy, because they are not purely financial. Last week, I hosted in this House a meeting of the Rural Stress Network, chaired by the former Bishop of Hereford, in whose diocese my constituency lies. The network covers five rural counties in the west midlands: Shropshire, Herefordshire, Worcestershire, Warwickshire and Staffordshire. The caseload of that group, which is staffed almost entirely by volunteers, is rising dramatically. Farmers are under particular pressure at this time of year, with lambing and calving as well as land work, and the financial situation is giving rise to severe stress and mental concerns.

The network brought to my attention a particularly tragic case. Less than a month ago, a farmer in north Herefordshire, who lived not far from where I farm, got in touch with the network, because of his increasing distress over the non-arrival of his payments. I am afraid to have to tell the House that he committed suicide at the end of February. A female Rural Payments Agency officer who was in touch with him was, understandably, extremely distressed by the consequences of her discussions with him. If DEFRA cannot offer farmers any apologies or support, will the Minister at least give some assurances that RPA personnel get support for the circumstances with which they have to contend?

I should like to ask the Minister a few quick questions. First, we have already heard that, in Wales, interim payments of 80 per cent. were made on the basis of historical entitlements, and that 94 per cent. of them were paid by 2 March. We learn today that all have now been paid. Will the Minister, as a matter of extreme urgency, now authorise immediate payments to those farmers in England who have had their entitlements validated? Secondly, will he instruct payment of an interim award of 80 per cent. of historical entitlements to the vast majority of farmers whose claims have been returned as unvalidated?

Thirdly, does the Minister recognise that the failure to make those payments for 2005 is having a serious knock-on effect for the whole rural economy, much of which depends on the cash flows generated by farmers? Does he agree that it is appropriate to pay compensation to farmers who have suffered additional substantial interest payments? Finally, when will the appropriate Minister take responsibility for this fiasco?

3.59 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): I, too, congratulate the hon. Member for Vale of York (Miss McIntosh) on securing this debate at such an appropriate time.

For once, I can speak about agricultural matters without declaring an interest, because payments in Wales have already been made, so I am unaffected by the problem. However, it does not in any way lessen my concern for the farming community in England, which has been so badly served. Indeed, a series of mistakes has been made not only by DEFRA but by the Rural Payments Agency.

The Minister may say that other countries have used other systems, but Ireland has paid 98 per cent. of its farmers. In historical terms, Austria has paid 100 per cent. of its farmers, Belgium has paid nearly 100 per cent. of its farmers and Sweden, which uses a hybrid system, has paid 90 per cent. of its farmers. Germany, which presumably uses a dynamic hybrid system similar to DEFRA's, paid 80 per cent. of its farmers by December, and Denmark has paid 98 per cent. of its farmers. I have not heard of riots in France, Spain or Italy. I do not have figures for those countries, but I assume that the farmers there have received the majority of their payments.

Mr. Mark Todd (South Derbyshire): Does the hon. Gentleman accept that one of the differences is that risk has been loaded on risk when trying to address the problem? The Department went through major change a few years back, with new IT systems that did not work properly—this is not the first late payment problem that farmers have faced through the RPA—and then a new complex system was loaded on to that. The loading of risk upon risk increases the risk of failure. That is what we face.

Mr. Williams: The hon. Gentleman makes a good point. I was about to say that the contract was given to Accenture in 2003, before the announcement that there would be a single farm payment scheme in February or March 2004. Indeed, the mid-term review turned out to be much more radical than anyone expected; many of us thought that it would tinker at the edges of the schemes to support farmers. The new firm was given the challenge of dealing with a new scheme. During our inquiry into the RPA, the hon. Member for North-West Leicestershire (David Taylor) and I were told that DEFRA changed the details of the scheme 60 times between initiating the contract and finalising the scheme. At its heart, the problem lies with DEFRA as well as with Accenture and the RPA.

Mr. Dan Rogerson (North Cornwall) (LD): I am grateful to my hon. Friend and to the hon. Member for North-West Leicestershire for serving as rapporteurs on that inquiry. Did my hon. Friend find any evidence that information on how the crisis was growing was being passed back up the chain—that it was being passed from the highest level in the RPA to DEFRA? Ministers said that everything was fine and that there were no huge problems, and they expected payments to be made. Is my hon. Friend sure that the evidence was passed up the line?

Mr. Williams: I thank my hon. Friend for raising that point. We were told that there was regular communication between DEFRA and the senior management of the RPA but, as a result of the failure to deliver the programme, further work needs to be done.

[Mr. Williams]

Indeed, we have already heard that the Select Committee and perhaps even the National Audit Office may make further inquiries into how it happened. Certainly, the relationship between DEFRA Ministers and the RPA needs to be examined in detail.

The point has been made that, even if payments were made by the end of February, as promised, it would be late in the agricultural year. Many of the payments that were in place before the single farm payment was initiated would have been made already—in September for the sheep annual premium, and in October and November for arable aid, advance payments for the suckler cow premium and the beef special premium.

Farmers have found it difficult to accommodate problems with cash flow. Mention has been made of paying bills, but at the end of this week interest payments will be due on most accounts. That money will be taken out of the farmers' accounts. They will not have to make a conscious decision about it; the money will be removed from their accounts. That may take them above the level that they have agreed with their banks, and they will suffer the financial consequences—not just additional interest, but the other costs involved.

Mr. Hollobone: Given that the EU has given the Government funding for the scheme, interest is accumulating on that money in the Exchequer. Should not that interest be used to facilitate some emergency payment for our farmers?

Mr. Williams: The hon. Gentleman makes a good point. I am sometimes told that the money is drawn from the EU as it is paid, but even if the Government are not accruing interest, the European Union certainly is. The money is being kept somewhere. Interest accrued should surely be passed on to farmers. A large window was set by the EU for payments, between 1 November and 31 June, but it was not the intention that it should be used to delay the main payments under the scheme. The window was set so that some of the difficult and complex applications that would result from a new scheme could be dealt with. It was always intended that payments should be made at the beginning of the window rather than the end.

It was always open to DEFRA to delay the implementation of the scheme for a year. DEFRA decided against that, even though it was clear that the scheme was more complex than previous schemes. Some countries decided not to decouple during the first year—France is one. I believe that DEFRA took the decision because it was at the forefront of advocating a decoupled system, and it felt that it had to implement it in full rather than delaying it for a year. However, DEFRA did not do the necessary investigative work to find out how many applicants there might be for an entirely new scheme—for instance, potato growers and horticulturalists who keep land not entirely for agricultural purposes.

Mr. Todd: I have two hectares of land, and I have been urged by local farmers to make a claim. I have chosen not to do so, but a large number of others in similar circumstances might have done. The RPA appears not to have spotted that substantial burden, but it was widely known in the farming community because those conversations took place a year or even 18 months ago.

Mr. Williams: The hon. Gentleman makes the point that even Members of Parliament are now in the scheme. It is certainly widespread.

Mr. Todd: I didn't do it.

Mr. Williams: No, the hon. Gentleman did not. However, it seems that many chartered surveyors will have made a lot of money. That dilutes the money available to the farming community, a point made by the hon. Member for Stroud (Mr. Drew).

The Government have a duty, because of their complicity in the problem, to ensure that farmers are adequately compensated for the money that has been taken from their accounts in interest and other fees. As the hon. Member for Ludlow (Mr. Dunne) said, there is a huge amount of stress in the farming community. There is also the question of how we can encourage young farmers into the industry if they see the Government failing to deliver. They are always asked to provide business plans, yet they are confounded when the Government, let alone the various organisations, do not produce the money. The Government have failed English agriculture, and they have a duty to recompense farmers.

4.9 pm

Mr. Peter Ainsworth (East Surrey) (Con): I shall try be brief because the Minister has a large number of questions to answer. I know that he looks forward to doing his best.

I congratulate my hon. Friend the Member for Vale of York (Miss McIntosh) on the excellent way in which she introduced what has been a sombre and serious debate—and a timely one. She set the tone by highlighting the long history of problems, of which many hon. Members were fully aware before the proverbial hit the fan earlier this month. One of the great mysteries is why the Government and Ministers appear to be unaware of problems about which hon. Members were fully aware because they were told about them many months ago by farmers in their constituencies.

This has been a good debate with interesting contributions. The hon. Member for Stroud (Mr. Drew) was critical of the hybrid scheme that the Government chose to adopt. My hon. Friend the Member for Mid-Norfolk (Mr. Simpson) said that he flagged up these issues many months ago, and talked about something going wrong in the culture of the Department for Environment, Food and Rural Affairs. He also raised the vital issue of the banks, which are yet again being prevailed upon to be tolerant. They are being tolerant, but there is a limit to the tolerance that we can continue to expect of commercial banks.

The hon. Member for North-West Leicestershire (David Taylor) made a moving contribution in which he spoke about a local farmer who has severe financial

problems. There are such cases across the country. My hon. Friend the Member for Ludlow (Mr. Dunne) spoke about the tragic consequences that can occur as a result of financial hardship and other pressures on the farming industry.

Ministers have recognised that this is a serious problem, but have not said what exactly the problem in the Rural Payments Agency is. We all know that there is a problem and are seeing the consequences of it, but it would help if the Minister told us precisely the nature of the problem; he owes that to the House.

We have heard moving stories about the difficulties caused to the farming community, which has borne with enormous fortitude, over many years, the accumulating problems posed by declining farm incomes, the chill wind of globalisation, and the relentless pressure from supermarkets on one hand and increasing EU regulations on the other.

This debacle illustrates the important point that there is a lack of even-handedness in the way in which the Government deal with the farming industry. Whenever a farmer makes a small mistake, the weight of authority comes down on them and they are penalised, but when the Government make a large mistake, they seem to go unpunished. The current situation is that the Government have made a serious mistake, the exact nature of which is unclear, but who is paying for it? The farmers, not the Government. That raises disquieting moral questions about how DEFRA has conducted its affairs for many years. Indeed, it goes back to before the creation of DEFRA, to the old culture of the Ministry of Agriculture, Fisheries and Food.

Mr. Geoffrey Cox (Torridge and West Devon) (Con): I, too, declare an interest as a receiver of payments.

Does my hon. Friend agree that there is a crucial question for the Minister to answer regarding the massive incidence of inaccurate statements of entitlement? We are coming to the period when we need to start filling out forms and making applications for 2006, and I want to know whether farmers will be penalised for those inaccuracies in 2006, in the way in which my hon. Friend describes. Will the Minister give an assurance today that they will not, and that the inaccuracies inherent in the statements that they have been receiving will not be held against them in 2006?

Mr. Ainsworth: My hon. Friend makes an extremely good point, and asks an important question. I hope that the Minister will answer it, if I allow him time to do so, along with the many other questions asked this afternoon.

I add to the point made by many hon. Members about making partial payments soon—manually if necessary—to tide over farmers with immediate problems.

Paddy Tipping: It is essential to have a repair programme. Might not interim payments delay final payments? Should not we wait for the report of the new chief executive to take us forward?

Mr. Ainsworth: The Secretary of State made that point earlier in the week. If there are genuine problems of that kind, they need to be taken into account. Whether or not interim payments are made, there is a strong case for making interest payments on money that rightfully belongs to farmers and not the Government. I hope that the Minister will reconsider the Government's position on that.

I want to touch on the question of ministerial accountability and responsibility. We accept that Ministers can work only with the information that they receive, but it is an important part of their job to make sure that the quality of information being provided is sound and accurate. There are no fewer than five former Agriculture Ministers present on the Opposition Benches who will know that that is an important task for any Minister. That is part of the Minister's job. Ministers cannot be absolved from all responsibility when things go wrong.

The Secretary of State's remark earlier in the week should go down in the annals of history about ministerial responsibility. In answer to a question asked by my hon. Friend the Member for Mid-Norfolk, she said, "As for Ministers taking responsibility, I am taking responsibility, which is why I removed the chief executive."

We Opposition Members are fair-minded people, but I cannot understand how Lord Bach can expect on this issue to command the respect of Parliament or, more importantly, the farming community with whom he must have day-to-day contact. It always seems, with this Government, that when something goes wrong, it is someone else's fault. Lord Bach should consider his position, and if he is not prepared to do that, the Prime Minister should consider it for him.

4.16 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): This has been a good, serious and constructive debate, and I will endeavour to cover as many of the points and questions raised by right hon. and hon. Members as possible. If I fail to address them all, I promise that I will get my noble Friend Lord Bach to write to hon. Members on any outstanding questions.

I apologise that the Minister who speaks on these issues in the Commons, the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for South Dorset (Jim Knight), is unable to respond to the debate, because he has commitments in the main Chamber on the Natural Environment and Rural Communities Bill.

As the Secretary of State made clear in her response to Monday's urgent question, she deeply regrets the circumstances in which we find ourselves and profoundly understands the distress that many farmers feel. I am sure that she would extend—

Mr. Jack: Will the Minister give way?

Mr. Bradshaw: I will give way to the right hon. Gentleman because he is the Chairman of the Select Committee on Environment, Food and Rural Affairs Committee, but I hope that hon. Members understand that I have to make some progress.

Mr. Jack: I am grateful to the Minister. In the light of what he has heard, and his opening remarks, does he think that Lord Bach was justified in saying that my Committee's report on this matter was misleading and that it created unnecessary concern and uncertainty in the farming community?

Mr. Bradshaw: I shall come to that point in a little while, but my noble Friend has already responded to that point.

I was about to extend my sympathy—I am sure that hon. Members will join me in this—to the family of the constituent of the hon. Member for Ludlow (Mr. Dunne), about whom he told the Chamber a terrible story. I also want to reassure the hon. Gentleman regarding the support being given to Rural Payments Agency staff. I have been involved only on the edges of this issue because it is not my area of responsibility, but one of the first questions that I asked when this blew into a major crisis two or three weeks ago was whether the RPA staff were feeling more demoralised. I urge hon. Members on both sides not to add to any possible demoralisation. The staff have done a fantastic job in difficult circumstances.

As accusations and challenges have been made regarding my noble Friend in the other place, I remind hon. Members of the sequence of events that preceded the decision on Wednesday 15 March to remove Johnston McNeill, the chief executive of the Rural Payments Agency, from his post. Ministers had repeatedly been assured that it would be possible to implement the English model of the single farm payment scheme within the EU's payment window. As long ago as early 2005, the RPA announced that it would commence payments this February, and that 96 per cent. of payments would be made by the end of March. In mid to late January, the RPA advised that the 96 per cent. figure would not be achievable by the end of March due to "unforeseen complexity" in validating the claims, but that the worst case scenario was that the bulk of payments would be made by the end of March.

On 20 February payments began to flow as had been forecast. However, on Friday 10 March, after fellow Ministers had requested a qualified update of actual payments being made, the RPA still advised that 51 per cent.—one could argue that that represented the bulk—would be made by 3 April and that 96 per cent. would be made by the end of June. Just four days after that, on Tuesday 14 March, at a meeting with the Secretary of State, the RPA chief executive reported for the first time that the forecast of the bulk of payments being made by the end of March would not be met. He reaffirmed that 96 per cent. of payments would be made by the end of June. The next day, on the advice of the DEFRA permanent secretary, Mr. McNeill was removed from his post.

Mr. Hogg: Will the Minister tell the Chamber what reasons Mr. Johnston McNeill gave for that shortcoming?

Mr. Bradshaw: The reason, as I understand it, was that although the payments had begun, the speed of the payments could not be ramped up because of the complexity of the task. I will come on to some of the action points that have been taken to rectify that since.

On the following day, Thursday 16 March, the decision to remove Mr. McNeill was announced, along with the appointment of the new acting CEO for the RPA, Mark Addison, a senior DEFRA civil servant. He was our acting permanent secretary for several months recently and is a man with extensive experience of delivery in both the public and private sectors.

Within four days of his appointment, by Tuesday 21 March, Mr. Addison had compiled an initial report that recommended a number of actions aimed at speeding up payments while retaining proper regard for the disbursal of large sums of public money. Those actions were set in train immediately. They were outlined in the answer given by my right hon. Friend the Secretary of State to Monday's urgent question, and I will remind hon. Members briefly of them.

First, disproportionate checks will be removed from the payment authorisation system in order to speed up the flow of payments once claims have been validated. Secondly, the validation of claims will be prioritised to release the maximum value of payments as quickly as possible as opposed to the maximum number of individual claims, which will mainly benefit the large number of middle-sized historical customers. I am afraid that I cannot give the exact figure to my hon. Friend the Member for North-West Leicestershire (David Taylor). The farming industry does not want the figures given out either, because the figures are not rigid. We do not want people to expect their payments to happen quickly and for them not to happen.

Thirdly, key mapping work associated with clearing validation at the Reading office will be centralised. Fourthly, the RPA's capacity will be strengthened in key areas and its structure will be changed to streamline command and control.

Mr. Addison gave his second progress report to Ministers yesterday evening. It showed that payments had reached more than 13 per cent. of the total value or 23 per cent. of the number of payments.

Miss McIntosh: Why was a DEFRA official appointed to such a sensitive position to carry out the review? Will the Minister explain why no timetable for delivery has been given and whether the computerised mapping system will, in the Department's view, ever work properly?

Mr. Bradshaw: I will come to the mapping system in a moment. If the hon. Lady is asking about the immediate review by Mark Addison, the new chief executive, he was appointed because the Secretary of State, on the advice of the permanent secretary, thought that he was the best man for the job. In the meetings that I have had with him on the issue, although it is not my area of responsibility, and in the meetings that he has had with the industry, the feedback has been very positive. He is an excellent public servant and the actions that he has already put in place have shown that he is getting to grips with the challenges that he faces.

I was about to tell the Chamber that Mr. Addison's figures mean that, under the latest payments, £119 million has been paid out in the past seven days, compared with only £85 million in the first four weeks after payments started on 20 February. That shows significant progress. Mr. Addison, having managed in less than two weeks in the job to visit every RPA office in the country and listen to front-line staff, had a number of further recommendations that he made to Ministers last night that have now been approved. They will address, I hope, some of the concerns raised during the debate.

First, RPA processes should be reformed to deliver greater customer focus by dedicating teams of staff to work on individual claims in their entirety. That was the point raised by the hon. Member for Ludlow. That would replace the task-based approach, which meant that bits of paper were being sent round from one office to another.

Secondly, as part of that change, processing staff should be allowed to contact applicants directly on the telephone, to work through any outstanding issues. Thirdly, a discrepancy tolerance of 2 hectares, or 3 per cent. of the total area claimed, whichever is lower, should be implemented for the validation of claims. Fourthly, the over-pedantic quality checking processes should be stopped so that staff can concentrate on processing the claims.

Fifthly, the people who do the mapping work should be in the same office as those who process the claims so that they can talk to each other when there is a problem. Sixthly, where mapping correspondence is outstanding, payments should be made on the basis of the information that the RPA already has from farmers. There will be further discussion with the industry on the mapping issue next week.

Mr. Todd: Will the Minister give way?

Mr. Bradshaw: I want to get to the end of my list, and then I will give way to my hon. Friend. I still have a lot of questions to get through. I have lost count, but Mr. Addison's next recommendation was that a senior manager should be appointed to take charge of the delivery of 2006 claims—another area for concern that has been raised. Finally, the potential obstacles in the current employment procedures of the RPA that would prevent the retention of experienced staff should be addressed.

Mr. Todd: As someone who ran a major processing operation, I am startled that those seem earth-shattering statements. I welcome them; they seem entirely to be common sense. However, it is alarming that they have not been applied many months before.

Mr. Bradshaw: They seem to be common sense to me, as well. That is why what I said what I did about the abilities of the new chief executive of the RPA, who has been in the job, as I say, for less than two weeks.

Mr. Ainsworth: Will the Minister give way?

Mr. Bradshaw: No, I will not. I have only four minutes left to cover a great many questions, and I would rather get through as many as I can.

A number of hon. Members have called for partial or interim payments. The Government have made it absolutely clear that we do not rule out the possibility of the need for such payments if there is no alternative. I remind hon. Members—this was acknowledged by the hon. Member for East Surrey (Mr. Ainsworth), I think—that that has potential disadvantages, including the impact on the 2006 payment timetable. I would like to add that at every turn in the past two weeks the industry has been kept fully informed. My hon. Friend, Lord Bach, and Mr. Addison met the industry leaders last Wednesday. They met again earlier today to take stock of the situation and to discuss the actions points that I have just announced. After today's meeting, I am told, the industry said that it welcomed the steps that had been taken. It thought that they would be helpful.

The hon. Member for Vale of York (Miss McIntosh), and a number of others, raised the question of whether the way in which we have chosen to pay the single farm payment was part of the problem. They are right to say that we adopted a different system in England, but I would describe it as more sustainable rather than more complex, as some have described it. The system was supported during the debate on Monday's urgent question by the hon. Member for South-East Cambridgeshire (Mr. Paice) as a system that was chosen correctly.

The hon. Lady was right to point out that Scotland and Wales have chosen different historical systems but, as she and other hon. Members will be aware, a number of member states chose to adopt the historical system and are beginning to wonder whether they made the right decision. In 10 or so years' time, would it be sustainable for farmers to be paid money based on what they had received 10 years before? We made the judgment that would not be sustainable, which was supported by the official Opposition Front Bench if not by the hon. Lady and my hon. Friend the Member for Stroud (Mr. Drew). However, we still think that that was the right system.

The hon. Member for East Surrey asked for my judgment of the problem with the RPA. As a Minister who has come to the subject relatively fresh in the past few days, nearly having to stand in for the Secretary of State on Monday and having to answer to today's debate, my judgment is that it was a problem of leadership trying to manage a complex organisation and a real problem of aversion to risk.

Mr. Ainsworth: How confident is the Minister that all payments will be made by the June deadline?

Mr. Bradshaw: One of the things that we and the new chief executive of the RPA are absolutely not going to do is to put down another timetable, given the fact that it has become patently obvious over the past few months that the RPA has over-promised and under-delivered. Mr. Addison is determined that he should not repeat that mistake. He and Ministers are determined that the payments should be made as quickly as possible, and they will be.

A number of hon. Members asked whether the Government would consider compensating farmers for late payments. I remind hon. Members—

Mr. Joe Benton (in the Chair): Order.

Prisoners (Early Release)

4.30 pm

David T.C. Davies (Monmouth) (Con): I am grateful for this opportunity to raise the issue of the early release of prisoners. The essence of my argument is simple: all forms of early release—whether on licence, probation or parole, whether due to the end of tagging or the end of the probation service itself—should end.

Before I start, it is only fair to say that I do not entirely blame the Government for our situation today. As the Minister will know, early release has been around for many years. It started off as a means of offering an incentive to prisoners to reform themselves while in custody, but it seems gradually to have become the norm. The percentage served of a sentence has become lower and lower during the past few years.

I do not intend to waste time debating who is responsible for the current system, and I hope that the Minister will not do so either. However, it is important to recognise that the current system is an abject failure and that the sentences given in courts are completely meaningless and bear no relationship whatever to the time that the offender will serve. As a result, the general public have rightly lost confidence in our system of justice.

Mr. Philip Hollobone (Kettering) (Con): I congratulate my hon. Friend on securing this debate. I agree with every word that he has uttered. Survey after survey of residents in my constituency demonstrates time and again that 95 per cent.—if not more—of local residents want prisoners to serve their full time in prison.

David T.C. Davies: I am grateful to my hon. Friend for his comment.

Things are about to get much worse under the terms of the Criminal Justice Act 2003, a briefing on which stated:

"offenders serving sentences of 12 months or more will be released automatically on licence at the half way point of their sentence (subject to early release on home detention curfew . . .)"

Until now, prisoners have been automatically released halfway through their sentences only if they were serving up to four years. Under the terms of the 2003 Act, prisoners serving more than four years will be "released automatically on licence" halfway through the sentence.

Let me give an example of what the combination of early release and tagging means when a sentence is passed. A prisoner sentenced to three months will spend just one month in custody; a 12-month sentence will result in just three months in custody. Somebody sentenced to two years for a crime will spend just seven and a half months in jail, while somebody sentenced to four years' imprisonment will spend just one year and seven and a half months inside. As the Minister knows, four-year sentences are not handed out lightly; usually, they are given only for the most serious offences. If the public knew that when a judge said four years he actually meant just over one and a half years, there would be an outcry.

Written answers to questions that I have tabled on life sentences show that the term is totally meaningless. In 2004, somebody served 2.3 years on a life sentence; in 2003, somebody on a life sentence was released after just 14 months.

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): Does the hon. Gentleman accept that the likely reason for those releases is that they resulted from successful appeals and so on? We need to look at the average time served for life sentences, rather than at those very unusual cases.

David T.C. Davies: When the Minister winds up, perhaps she will tell us the average time for a life sentence and comment on the case in which a convicted rapist on a life sentence was released after a short period. That was reported in *The Sunday Telegraph* this week.

My proposals will bring honesty back into the sentencing process by ensuring that every sentence is served in full. They need not necessarily mean longer prison sentences, because if a judge feels that somebody's crime merits seven months in prison they would currently have to sentence them to two years' imprisonment.

My proposals would allow the judge to make a decision about what they think would be an appropriate time for someone to spend in prison and to state clearly and openly what that sentence will be. That will give the public the confidence that when they read about a sentence being passed they know that that sentence will be served. They will not be deliberately misled, as currently happens.

I have heard two major arguments against my proposals. The first is that prisoner behaviour would deteriorate if early release was ended. Even if that were true, it would still not be an argument for releasing prisoners earlier. Such an argument effectively says that these people are so bad that the best we can do is to let them loose on the general public instead of keeping them under lock and key because that will make life easier for the prison system. That is nothing more than a form of appeasement.

I do not accept that ending early release would necessarily automatically lead to a decline in prisoner behaviour. It is possible to maintain incentives for good behaviour by giving more or less access to privileges such as Sky television, PlayStation and the other recreational facilities with which our prisons are increasingly being filled. It should also be expected that where offences are committed by people in prison, the offender should be charged, brought back to court and, if convicted, should have extra time added to their sentence.

Incidentally, to go off at a tangent, I shall discuss something in relation to people who are either under supervision in prison or outside under the supervision of the probation service, which is a bit of an oxymoron. On the subject of tagging, according to the Minister there have been nearly

"700 cases of offenders on Home Detention Curfew who had damaged their electronic monitoring equipment. Any offender who is found to have deliberately caused such damage will be in breach of his or her licence conditions and recalled to prison."—[*Official Report, House of Commons*, 14 February 2006; Vol. 442, c. 1980W.]

Yet, when I asked the Minister on 28 February how many of the 700 people who had damaged their tags had been recalled to prison she was unable to say because the information was not available centrally.

The second argument against my general proposal is cost. I would be the first to accept that if all forms of early release were ended, there would, in the short term, be a need for more prisons to be built and that that would impact on cost. Speaking as a Conservative supporter of low taxation, I can honestly say that I would not mind in the least paying a little more in taxation if it meant that I could walk the streets of London at night without peering over my shoulder every minute wondering whether I am about to be attacked or mugged.

Philip Davies (Shipley) (Con): I congratulate my hon. Friend on securing this important debate. May I draw his attention to early-day motion 1064, which I tabled in November last year? It, too, called for prisoners to serve their sentences in full and I tabled it after making a discovery in a written answer by the Minister. It stated that

"since 1997 1,167 people released on parole have been charged with further crimes before the end of their sentences and that 6,714 crimes have been committed by people on home detention curfews;"

Those crimes included four killings and 134 assaults on police officers.

Does my hon. Friend agree that those crimes and the victims of crimes they created were unnecessary? The agencies had done their job; the police had caught the criminals and the courts had sentenced them. It was only because of this nonsensical system that those thousands of victims of crime have had to suffer unnecessarily.

David T.C. Davies: I could not agree more with my hon. Friend's comments. He might be pleased to know that I was the second signatory of his early-day motion, and that it brought the whole matter to my attention.

If we ended early release, it is debatable whether the overall costs to the public would increase in the longer term. Currently, 20 crimes are committed for every one that secures a conviction. We spend vast sums investigating crimes, bringing prosecutions, and offering legal aid, court time and all the rest of it to people who have committed offences while on early release, as my hon. Friend said. We also spend millions of pounds on the probation service and on schemes such as tagging, which currently costs about £30 million a year. I think that the Minister will tell us that there will shortly be a reduction because of a change in contracts. Regardless of that, all of that is money that would be saved by ending early release.

More importantly, others would be deterred from committing crimes if they knew that a conviction would lead to a fixed spell in prison. In any case, many crimes are committed by people who should be in prison. In the long term, there could be a significant cost saving.

This is the important question on cost: how much are people's lives worth? It has been the proud boast of the probation service—it is a pity that nobody from the service is in the audience to listen to this—that only 0.6 per cent. of prisoners whom they classed as dangerous and were let out on early release were convicted of the most dangerous offences, such as rape, murder and arson, while they were in the care of the probation service; the service has been saying that on the radio. However, that figure does not include those who committed a crime while out on early release, but who were not convicted of a crime until after their period on supervision ended. Also of course, it often takes quite some time to bring the most serious offences to court, so it is very likely that a period of supervision will have ended by the time such a crime is brought before the courts.

Those who commit less serious crimes—I use that term guardedly—such as muggings and house burglaries are also not included in the probation service figure. So far as I can see—perhaps the Minister will clarify this—it does not include those who are not classed as dangerous by the probation service, but who in any case go on to commit violent crimes while on early release. Using this measurement, the killers of Mary-Ann Leneghan were in fact a success story for the probation service, because although they carried out their crimes while under some form of supervision, they were not convicted until after that supervision ended.

Fiona Mactaggart: The hon. Gentleman is wrong on that point. What happened to Mary-Ann Leneghan was an outrage. I absolutely stand by the probation service figure—although, in fact, it is 0.4 per cent. The hon. Gentleman has a reasonable argument, but he must use his facts accurately in making it.

David T.C. Davies: The Minister says that I am wrong. Of course what happened to Mary-Ann Leneghan was an outrage; nobody disputes that, and I am certainly not saying otherwise. However, the Minister has not stated that anything I just said was factually incorrect.

Fiona Mactaggart: The hon. Gentleman suggested that the delay between the period of supervision and a case coming to court meant that serious further offences would not be treated as serious further offences in the probation figures. Let me assure the hon. Gentleman that they absolutely are.

David T.C. Davies: Well, let me tell the Minister that the probation service is going around saying that only 0.6 per cent. of the people that it deals with are convicted of serious crimes while under its supervision.

Fiona Mactaggart *rose—*

David T.C. Davies: I will give way in a moment. The point I am making on that probation service statistic is that if it covers conviction rather than crimes committed within the supervisory period, the killers of Mary-Ann Leneghan would not be counted in the 0.6 per cent.

Fiona Mactaggart: Let me assure the hon. Gentleman that the figure—it is 0.4 per cent. but I do not want to quibble about it—includes all serious further offences committed while people were under probation supervision. Therefore, the killers of Mary-Ann Leneghan would be included.

David T.C. Davies: I am grateful for that clarification. Therefore, the probation service would be well advised

[David T.C. Davies]

to make it clearer that it is talking about crimes committed rather than crimes of which people are convicted.

Philip Davies: Does my hon. Friend agree that any crime committed under these circumstances is too many? I draw his attention to a recent case in my constituency. A convicted murderer, Stephen Ayre, was released on licence from prison back into my constituency and was recently convicted again of abducting and raping a young boy. Such crimes are completely unnecessary and would not be committed if people were locked up to serve their sentence in full; in this case, if a life sentence meant life. Does my hon. Friend agree that any such crime is more than enough? It does not matter whether the figure is 0.4 per cent. or 0.6 per cent. as any crime is one too many.

David T.C. Davies: My hon. Friend makes an important point. Basically, the probation service has admitted that 79 people while under its supervision committed the most serious forms of crime, such as rape, murder, arson and armed robbery, leaving behind a trail of ruined lives, such as those of the victim my hon. Friend just mentioned, and they did this while they could and should have been in prison.

Frankly, if British Rail or one of the rail companies had allowed 79 people to be seriously injured or killed on its railway lines, we would quite rightly demand that billions be spent putting the problem right. However, we seem quite happy to allow a situation in which 79 people go around committing the most atrocious crimes, and we are not prepared to do anything very much about it. Either way, for the probation service to present that as a success is an exercise in mendacity that renders those presenting the statistic as being unfit for their positions, frankly.

To sum up, our justice system should contain four major elements. It should, of course, contain the element of rehabilitation of offenders, and involve giving them the opportunity to address their behavioural problems, get off drugs, gain qualifications and generally improve their outlook on life. That, of course, cannot be done in a matter of months; it takes time for the most serious offenders. Rehabilitation is just about the only part of the justice system to which we give credence at the moment. We have lost all sight of deterrence. Prison sentences should be long enough to make people think twice before they commit a crime. At present, criminals view prison sentences as no more than a minor inconvenience, and I sometimes think that the Treasury views them as a rather more major inconvenience. We seem to have forgotten the concept of justice for the victims and punishment of the transgressor. That may sound a little old fashioned but, to be honest, the moment that one loses sight of that concept, people lose sight of the justice system and start taking the law into their own hands.

Most important of all is the protection of the public. Mary-Ann Leneghan, Marian Bates, John Monckton and Robert Symons are just a few of the many people whose lives were needlessly ended by prisoners on early release, and who leave behind grief-stricken loved ones whose own lives will never recover. We owe it to those innocent victims to learn from the mistakes of the past, for which all of us, as legislators, are to some extent responsible if we do not address the problem. That is why I make one simple appeal to the Minister; end all forms of early release and make Britain a safer place in which to live.

4.47 pm

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): I am glad that the hon. Member for Monmouth (David T.C. Davies) raised this matter, because I share his view that it is very serious. Indeed, I share his view that there is an absolute obligation on the state to protect the public. I also share his perturbation that figures of 0.6 or 0.4 per cent. for serious further offences committed could be regarded as a success; they are not a success. We have started with the matters on which we share a view, but now let us focus on facts and evidence.

The first fact that I should like to bring before the House is that we are less likely to be victims of crime now than at any time in the past 20 years; that is an important thing to know. The second fact is that offenders actually spend longer in prison than they used to. The third fact is that the only change, in terms of reduction of sentences, is the introduction of the home detention curfew to which the hon. Gentleman referred. I, too, am concerned about some of the ways in which that scheme works, and I will address the matter in a moment.

We agree that public protection is the first duty of the prison service. That is one reason I am very proud that for nearly a decade now there have been no category A escapes; we are actually increasing the security of our prisons. We should feel good about that. Also, it is important that we make sure that we protect the public by reducing reoffending. That is absolutely at the heart of our five-year strategy. The hon. Gentleman claims that rehabilitation is all that we are concerned about, but he is quite wrong; the first thing that we are concerned about is public protection, and that is one of the reasons for our focus on escapes. The second thing that we are concerned about is reducing reoffending. There are two ways that we do that: partly by the way in which we reduce the likelihood of an individual's reoffending, and partly by ensuring appropriate sentences and sentencing behaviour for the prisoners who are most likely to offend and those who are most dangerous.

Let me first turn to the home detention curfew scheme. The hon. Gentleman claimed that the fact that we did not collect figures on how we deal with breaches suggested that we did not deal with them; he is wrong about that. The scheme is devised for suitable low-risk offenders. Release under the scheme can provide opportunities for successful resettlement by enabling offenders to resume employment or training earlier. It can be one of the first steps in helping offenders to lead a law-abiding life by enabling them to take responsibility for their lives and support themselves and their family.

I agree with the hon. Gentleman that for some people there has been a failure in doing that. We need to ensure that we have better systems in place to identify those who are at the greatest risk. Shortly after we introduced the scheme, we identified a series of offences that

automatically makes people unsuitable for it. I could read the list, but I see that the hon. Gentleman wants to intervene.

David T.C. Davies: I was talking about written questions that the Minister herself answered. She agrees that there have been 700 cases of people damaging their tags, but she cannot say how many, if any, have gone back into custody. Does she not think that she should know the answer to that question?

Fiona Mactaggart: I cannot answer that question without excessive public expenditure because of the places where those two pieces of information are kept, but the hon. Gentleman will be pleased to hear what we are doing about recalls and bringing people back to prison. If I can be honest, I think that he misunderstands some aspects of how our system works. He does not know enough about how effectively we are using recall to prison and how it is making a substantial difference. It is part of ensuring that people serve a longer part of their sentence.

I said earlier that the only change was the home detention curfew scheme, but in fact another change is in purview. At present, some offenders who are on home detention curfew have no supervision—the hon. Gentleman referred to the short sentence offenders who are released without supervision. In future, under the Criminal Justice Act 2003, that will be wholly changed. Under custody plus, offenders who are sentenced to less than 12 months will be supervised on release and liable to recall. Until now, such offenders were not supervised or liable to recall if, for example, they breached some of the conditions that could be put on their case. Now we have a more active mechanism for managing such offenders in the community and ensuring that they return to prison.

Early release is not a new concept. Under the Criminal Justice Act 1991, prisoners who were serving a custodial sentence of 12 months or more, or less than four years, would be released at the halfway point of their sentence. If they were serving four years or more, they could apply for early release on parole at the halfway point of their sentence. They had to be released at the two thirds point and the assessment of their suitability for parole, as conducted by the parole board, depended on whether they could be safely managed in the community. All prisoners were on supervision until only the three-quarter point of their licence.

That was what we inherited we came into government in 1997. We believed that it failed to offer adequate safeguards to protect the public. It made no distinction between prisoners who presented a risk of harm and those who did not. Those serving a sentence of four years or more could be released at the halfway point, but they had to be released no later than the two-thirds point.

We are now implementing the provisions of the 2003 Act, which makes important changes. Anyone who has committed a serious sexual or violent offence is now liable to imprisonment for an indeterminate period. I do not have to hand the number of such sentences that have already been handed down, but I recall that it is more than 700 since April last year. There has been quite significant use of that sentence by the courts to protect the public. The provision underlines the Government's belief that dangerous and violent offenders should be let out of prison only if it is clear that they are no longer a risk to the public. I am sure that the hon. Gentleman will welcome that fact. It is a significant change.

David T.C. Davies: I understand what the Minister is saying and we will have to see how the sentences are used. The fact remains that, according to what the Library told me, anyone on a determinate sentence will be eligible for automatic release halfway through. Can she answer this simple question: does she think it right that someone who is sentenced to four years or just under four years in prison may spend just one year and seven and a half months in custody? Does that sound like the sort of justice system in which the public can have confidence?

Fiona Mactaggart: What is important is that anyone who is serving a determinate sentence of 12 months or more will serve the first half in custody and the whole of the second half on probation supervision, during which time they will be liable to recall. They will not serve up to two thirds; they will serve the whole of the second half. That compares with the previous system in which the last quarter of the sentence was served without supervision and without conditions.

There are 679 offenders who have been sentenced to the indeterminate public protection sentence that I referred to. In addition, there is the extended public protection sentence, which is for other sexual and violent offenders whose offences are not so serious but who are considered to present a risk to the public. That requires them to undergo extended periods of probation supervision. Of those sentences 679 have been passed since April this year.

Those sentences are better sentencing and they are just one strand in delivering effective public protection. We are also committed to delivering better assessment of risk and better risk management using the offender assessment system, OASys, and other systems to identify risk.

It is shocking that we do not always successfully identify risk. It is horrific that people who have been offenders go on to offend again and that so far we have not sufficiently protected the public from them. That is why we must continue to improve our assessment of risk and the quality of reports to bodies such as the parole board to ensure that they are excellent in every case and to ensure that the risk to the public is the paramount issue considered by the parole board and any other releasing body before allowing people to be released into the community.

David T.C. Davies: The Minister is being very generous in giving way. The whole point is that the parole board does not have public confidence because it has been wrong so many times.

Fiona Mactaggart: I absolutely agree. We need a step change to ensure that we do improve. We are doing that, for example, by strengthening our multi-area public protection arrangements, which are helping to protect us from some of the most dangerous offenders and which involve collaboration between the police, the probation service and so on.

[Fiona Mactaggart]

The hon. Gentleman made a point about supervision not working and recall not working. I hope that he will be reassured, as I was, by finding out that in 1996 only 500 prisoners a year were recalled to prison. That does not suggest to me that the process was working terribly well. During the past year, 11,000 were recalled to prison. I might not be able to identify centrally how many of those were on home detention curfew, but I can assure the hon. Gentleman that one in four people under probation supervision are now recalled to prison for breaches. Those breaches include breaking curfews, not turning up to appointments, failing to attend drug treatment, and so on. We are being more effective in ensuring that a sentence is a real sentence and that while part of it might be served under supervision in the community, under the 2003 Act, 100 per cent. of the sentence laid down by the court is served by the prisoner, part of it under supervision in the community and part of it in prison, and if there is breach when under supervision in the community the offender can be brought back.

The point that I share with the hon. Gentleman is the view that we must step up the quality of public protection. It is not acceptable—

Mr. Joe Benton (in the Chair): Order.

Fairfield Hospital, Bury (Maternity Services)

5 pm

Mr. David Chaytor (Bury, North) (Lab): I am pleased to have the opportunity to bring to the attention of the House the situation in respect of the current public consultation being promoted by the Greater Manchester strategic health authority, "Making it Better", which concerns proposed changes to health care services for children and young people, parents and babies in Greater Manchester. My interest is particularly and understandably in the hospital that serves my constituents, Fairfield hospital in Bury, but I want to make some remarks that spread a little more widely.

In the north Manchester area at present we are going through a considerable period of change within the NHS. For example, the chief executive of the Bury primary care trust will retire this weekend and a new chief executive will be appointed in due course. The chairman of the Pennine Acute Hospitals NHS Trust resigned some weeks ago. We have a temporary chairman, and a permanent chairman will be appointed in due course. The chief executive of the Pennine trust will be leaving his position in a few weeks' time. The merger of primary care trusts is moving forward and a number of neighbouring PCTs will be amalgamated in the near future.

The Greater Manchester strategic health authority, which has driven the process of consultation, will be abolished in the near future. The current chief executive and chairman will be moving to new positions or to pastures new and the Greater Manchester SHA will be absorbed into a new regional strategic health authority. Given the scale and pace of change in structural organisation in Greater Manchester, and of changes of leadership in the primary care trust and north-east sector and in many neighbouring primary care trusts, is this the right moment to embark on an additional, radical phase of reform, some elements of which have not been thought through in sufficient detail?

Fairfield hospital is the hospital in which the vast majority of my constituents were born. Most families in Bury will have seen relatives die in that hospital. I was born there. Many of my relatives were born there and have worked there, and most of my relatives have died there. My hon. Friend the Member for Bolton, North-East (Mr. Crausby) was also born in Fairfield general hospital, as were his children and the children of the constituency assistant of my hon. Friend the Member for Heywood and Middleton (Jim Dobbin).

You understand, Mr. Benton, the close personal interest that my colleagues and I have in the future of the maternity services at Fairfield. Our interest is enhanced by many distinguished people having being born there, not least the Prime Minister's wife. She was born in Fairfield a number of years after me. We were delighted that Mrs. Blair was able to reopen the new, refurbished and enhanced maternity unit just five years ago. To most members of the public and to most of my colleagues, suggesting that a unit that was reopened merely five years ago should now be closed and transferred to another hospital makes little sense.

The current consultation process is the third attempt in six years to consider the future of maternity and paediatrics. The first attempt was stifled at birth, because it took the form of an internal report by the former regional health authority, before the Greater Manchester SHA was established. That came to the conclusion that the Fairfield hospital should maintain its maternity and paediatric service.

That report did not see the light of day, but the debate continued until mid-2004, when a public consultation was launched with a different set of recommendations. In particular, it was suggested that Fairfield should lose its maternity and paediatric services but that Rochdale infirmary, the second of the four hospitals in the Pennine acute trust, should maintain its services. That public consultation was withdrawn following criticism by me and my hon. Friends the Members for Bury, South (Mr. Lewis), for Heywood and Middleton and for Rossendale and Darwen (Janet Anderson) concerning the lack of detailed information supporting those conclusions.

Following the withdrawal of that consultation, there was a further period of informal consultation from early to mid-2005, which culminated in the publication of the current consultation document in January 2006—it was launched on 12 January. Fortunately, it has been extended for an additional month, to mid-May, so today's debate is very timely, as we are moving towards the final weeks of consultation.

The thrust of the proposals in the document are in many respects welcome and entirely in line with the views of most Greater Manchester Members and large sections of the general public. We are talking about a major expansion in primary care, and we welcome hugely the proposal to build 35 new primary care centres throughout Greater Manchester, seven of which will be in the borough of Bury and four of which will be in my constituency of Bury, North. The general drift of the proposals for primary care and the improvement of services outside hospitals is completely to be welcomed.

We recognise the need for rationalisation in maternity and paediatric services and units. Most people accept the need to reduce the number of separate units. We are not arguing against the principles underlying the consultation. We are arguing against the specific choice of Fairfield hospital as one of the hospitals that will lose its maternity and paediatrics in-patient services.

When the first consultation was launched in 2004, there was considerable public reaction in Bury: a major petition was launched and a march was held. The best part of 5,000 people marched through the centre of the town to express their opposition to the proposal. That was in early 2005. Next Saturday, another march will be held in the centre of Bury, and I imagine that several thousand people will march against the proposal to close the maternity unit at Fairfield. In addition, at least 30,000 people have signed a petition supporting the retention of maternity services at Fairfield.

I stress again that the general direction of the proposed reforms has considerable public support. We are all in favour of the expansion of primary care, and we recognise the need for rationalisation following the closure of two of the older children's hospitals and the formation of the new tertiary children's hospital in the centre of Manchester. Change has to take place.

We recognise the imperative of the working time directive and the pressure on doctors' rotas. We recognise the problems that will be caused by a shortage of midwives—or problems with their age profile, as a considerable number will be retiring in the not too distant future. We understand all the pressures on maintaining a well-staffed and safe service across a large number of sites, and Greater Manchester is fortunate in having a larger number than many regional cities. Nevertheless, we argue that it is wrong to choose to close Fairfield.

I shall outline some of the reasons for our opposition. The process through which the consultation has developed was questionable in one key respect: it started with the designation of sites. Once the sites that should continue had been designated, criteria were established to test the validity of that choice. That puts the process the wrong way around; it puts the cart before the horse. In a normal decision-making process, one would reasonably expect to establish criteria before making a decision about the options. In this case, the SHA has chosen the options before agreeing the criteria. Subsequent to the options being chosen, they were tested against the criteria, but certain options that were excluded from the start might also have satisfied the criteria that were agreed. It is important to stress that there is a serious flaw in the process that was established earlier. Owing to that, our hospital has not been given the full opportunity to demonstrate its case against the agreed criteria.

The consultation document published this year is detailed. One could not criticise the SHA for not attempting to provide a substantial amount of information. The document is not completely accessible, and aspects of the layout and the presentation of the information could have been done better, but by and large we have no criticisms.

In addition, a considerable amount of information has been published on the website. The information is relevant to the process, the choice of options, the establishment of the criteria and the pre-consultation carried out, and it contains details of clinicians' internal meetings and the arguments made. The SHA has gone out of its way to offer considerable information to the general public to help formulate their decision.

However, certain key areas of information are neither included in the consultation document nor properly presented on the website. For example, one element of the website deals with staffing. It identifies for all hospitals in Greater Manchester the numbers of whole-time equivalent staff in paediatrics, for example, so that we can find out how many paediatricians or whole-time equivalent paediatricians work at each hospital. However, we do not get the same information for midwifery and nursing staff, so there is a significant gap in the information on staffing. There is also no information about how the proposals for the new reduced number of maternity units would be staffed. Again, that is a significant gap, and it limits the extent to which people can form a reasoned judgment about whether the series of proposed options is workable and justifiable.

As I recall, one item on the website says that the work force strategy and action plan, which will presumably determine how the proposed new units are staffed, will be presented to the task force in April. If the

[Mr. David Chaytor]

consultation has been under way for the best part of two years, and the current phase was launched in early January, but the decisions about the work force strategy are not to be taken until April, there seems to be something wrong with the time frame of the process.

Another gap in the background information on the website is the revenue and capital cost implications of the proposals. It is not just a gap; it is a hole. There is no information about those implications. Evaluating whether it would be better to maintain services at Fairfield general or another hospital—

5.14 pm

Sitting suspended for a Division in the House.

5.29 pm

On resuming—

Mr. Chaytor: I shall attempt to continue seamlessly from the point at which I left off. I was discussing the question of revenue and capital costs in the consultation document, or, more accurately, their absence from it.

If we consider the papers on the website relevant to paediatrics and maternity for the Pennine acute trust, there is literally a gap when we come to the proposals for maternity. There are no financial costings, just a simple comment that the

"Pennine (and the constituent hospital sites) are working up a variety of schemes that encompass a range of outcomes from the NE and Children's consultations."

That seems to me an interesting comment on the view of the possible sites from within the Pennine acute trust itself.

To many of my constituents, one of the biggest contradictions in the proposals seems to be on the question of choice. My hon. Friend the Minister knows what great emphasis the Government have placed in recent years on patient choice in developing their policy. That featured prominently in our general election manifesto and, more recently, in the document "Creating a Patient-led NHS". It will be appreciated that for thousands of people in my constituency who were born in Fairfield, and who continue to expect that their children and grandchildren will be born there, the idea of patient choice rings a little hollow if the overwhelming choice expressed about the hospital in which they wish to give birth is taken away from them.

I stress the point that if we, as a Government, are serious about patient choice then it makes no sense whatsoever to take away what is an enormously popular choice for many people in my constituency, Bury North, and its neighbouring districts, especially in significant parts of Rochdale, Heywood, Middleton and Rossendale.

In the district that Fairfield supports, everyone would accept that Fairfield and Rochdale infirmary are both smaller hospitals. We also accept that Bury and Rochdale are two of the smaller towns within the Greater Manchester conurbation. However, to deprive both hospitals of their maternity and in-patient paediatric services would leave a gaping hole in the north of that conurbation, unique when every other part of it would remain well served in maternity and paediatrics by local hospitals. We find that gaping hole unacceptable; for local people, it would result in severe deterioration of both services in and accessibility to the NHS.

We also know that while Bury and Rochdale are two of the smaller towns, their combined population—with the neighbouring district of Rossendale—is greater than that of the city of Manchester, which brings me to my final point. The consultation document offers four options for the future, none of which include Bury or Rochdale. I believe that to consider an amalgamation of Bury and Rochdale's in-patient paediatric and maternity service on the Fairfield site would be an ideal fifth option, and one which is increasingly supported by wide numbers of local people, and particularly by clinicians, nursing staff and doctors working in the Pennine acute trust.

That amalgamation would have several advantages. First, it would create an in-patient service and maternity unit large enough to deliver the economies of scale and critical mass of patient through-put to ensure that staff working in the unit were faced with the full range of clinical problems that they would need in order to maintain the quality of their clinical practice. Were we to amalgamate Bury and Rochdale it would, by dealing with the necessary critical mass of patients, mean that we would be talking broadly of 13 births per day compared, for example, to 12 in the neighbouring hospital at Bolton or seven at North Manchester. If talking of maternity out-patients we would be talking of over 400 compared, for example, to 100 at North Manchester or 310 at Oldham. I could go through a long list of figures to demonstrate that merging the two units would create a more than viable single site.

A second point is that in terms of choosing between the two locations, given that Fairfield hospital is the last building in my constituency and immediately adjacent to the border with Rochdale—if it were moved 50 yards further to the east it would be in the borough of Rochdale—it is ideally suited to serve the population of my constituency and other parts of the constituency of my hon. Friend the Member for Bury, South, and also most parts of Rochdale and the district of Rossendale to the north. The central geographical location of Fairfield hospital is also a powerful case for my fifth option.

We welcome the consultation document published by the strategic health authority and the considerable amount of work that has gone into it. We recognise the serious attempt to hold an open and transparent consultation; we value the information that has been provided; we support the general direction of policy in the rationalisation of the total number of units and the concentration on centres of excellence and the massive expansion of primary care. However, we think that the SHA has made the wrong decision in the choice of site and therefore I, and a considerable number of my constituents—I mentioned the 30,000 who have already signed the petition, and several thousand will demonstrate on the streets of Bury on Saturday—will support the fifth option, the amalgamation of in-patient paediatric and maternity services in Fairfield hospital in Bury.

5.36 pm

The Parliamentary Under-Secretary of State for Health (Mr. Liam Byrne): I congratulate my hon. Friend the Member for Bury, North (Mr. Chaytor) on securing this debate on maternity services. He advanced a powerful argument. I thank him for bringing the debate to the Floor of the House and for his consistent argument with Ministers on behalf of his constituents off the Floor of the House. I want to put on record my thanks to my hon. Friend the Member for Bury, South (Mr. Lewis), the Economic Secretary to the Treasury, for his contribution to the debate. My final words of thanks are to the *Bury Times* and to the *Manchester Evening News*, which have consistently kept the debate, and the facts, in front of the local community. Their approach to the subject showed again that they are effective voices for local people.

The starting point of the debate is the extraordinary changes that have happened in the national health service in the constituency of my hon. Friend the Member for Bury, North since 1997. They have happened not by accident, but because we doubled, and are on our way to tripling, health service investment, which has meant more than 360 extra consultants, 2,500 extra nurses and 3,700 more health care assistants for Greater Manchester since 1997. As a result, waiting times for the health service in his part of the country and in the rest of England have fallen dramatically. In 1997, about 18,000 people had to wait more than six months for in-patient treatment in Greater Manchester, but today that figure has come down to none—no one waits longer than six months.

The improvements in the NHS generally are also true for maternity services. Last year, we achieved our target of recruiting an extra 2,000 midwives. The vacancy rate for midwives throughout the country has come down from about 3.3 per cent. in 2000 to 1.8 per cent. My hon. Friend mentioned some concerns about the number of midwives who are coming up to retirement age. I am pleased that there has been a 44 per cent. increase in the number of students entering training to become midwives, which is great news.

It is no surprise, therefore, that the vast number of women—80 per cent.—who use the NHS when they have a baby are overwhelmingly satisfied with maternity services. The satisfaction rate for men is not equivalent, but it is not far off. As someone who has three children aged five and under, I have spent some time in maternity wards in the not-too-distant past, and the service is first class.

The most important figure is that of infant mortality. We now have the lowest ever rate of infant mortality in England—5.1 deaths per 1,000 live births—because of the big investment we have made. As my hon. Friend said, reform has to go alongside that new investment over the months and years ahead. I am grateful for his measured presentation of the arguments in his part of the country.

Fairfield hospital is part of the Pennine Acute Hospitals NHS Trust, which is involved in two of the biggest health improvement programmes in the country. The geography of my hon. Friend's area is unique. The pattern of mill towns that developed there over the 19th century has meant that many of the hospital services are small and unique in their configuration. My argument is that, although those services worked extremely well in the past, in the 21st century, they have to change.

Part of the change must be to the organisation of maternity and obstetric services. The reorganisation is not proposed for the sake of reform; it reflects three important principles. I am referring to principles that we set out in the White Paper on health and social care, to which my hon. Friend alluded. That is important because, in the 21st century, people want an NHS that is available not only around the clock, but around the corner. We therefore have far more to do on moving in-patient services out of hospitals—their traditional location—into the community. Quite significant services can be moved into the community, where they are far more convenient, particularly for people from more deprived communities, who often lack access to public services in general and to services such as transport in particular.

The position that I have described has an important bearing on how maternity services will be organised in my hon. Friend's constituency. In particular, we will ask PCTs to go about developing and implementing the national service framework for maternity services quickly. At the last election, we knocked four or five years off the deadline for implementing that framework. We now have plans in place for its implementation and we hope to see a big expansion of community-based midwifery services. They are particularly important to ensure that people from all corners of the community have access to early antenatal care, which is vital to the baby's future health and to the mother's health. Dr. Foster estimates that about 40 per cent of births are unassisted and could be safely delivered in a midwife-led unit or at home. That is the first issue.

The second issue is the pattern of 24-hour in-patient services, which are spread quite thinly across the hospital sites in Greater Manchester. That results in pressures on staffing. I understand that maternity units across the review area were closed on 90 separate occasions over a 12-month period to March 2006. Those closures ranged from a few hours to an entire day.

Thirdly, it is important to create strong 24-hour in-patient services, because they allow a critical mass of patients to come together and they allow clinicians to develop particular types of expertise. Why is that important? The infant mortality rate in central Manchester is eight per 1,000 babies—I am referring to babies who die before their first birthday—compared with a rate of only two per 1,000 in mid-Surrey. There are great inequalities in the infant mortality rate, and we must reflect that in the services that we organise.

Those are all big questions, and that is exactly why the consultation is so important. I am especially grateful to my hon. Friend for highlighting fresh and innovative proposals that were not put on the table in the consultation. I will personally write to the chief executive of the strategic health authority to make sure that those proposals are taken into account as the consultation unfolds.

My hon. Friend made a central point about criteria being developed after the configurations were proposed. I will look into that and write back to him on it. He also

[Mr. Liam Byrne]

made some important points about gaps in information. I am grateful for his thanks for the way in which a lot of detail was presented but, if there are gaps in information, I will see what we can do to remedy that. He mentioned that there is an ongoing debate that has captured the attention of the entire community, and I understand that there are marches this Saturday. I want to make it clear that, where there are petitions and where there is a public response of that kind, we will absolutely make sure that those voices are heard as the consultation draws to a close.

I wanted to make one final point. I know that there has been some debate about—

It being fifteen minutes to Six o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Thursday 30 March 2006

[MR. DAVID MARSHALL *in the Chair*]

Small Claims (Courts)

[Relevant documents: First Report from the Constitutional Affairs Committee, Session 2005–06, HC 519, and the Government's response thereto, Cm 6754.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Kevin Brennan.]*

2.30 pm

Mr. Alan Beith (Berwick-upon-Tweed) (LD): I glad that you, Mr. Marshall, and a significant number of hon. Members, as well as the Minister, who has taken on new responsibilities, have stayed behind on the last day before the Easter recess to discuss the small claims track, which is important to many of our constituents.

The report produced by my Committee gives a general commendation to the work done on the small claims track of the county court. It provides a genuine and valued service to large numbers of people with minimal effort, cost and complication and it is genuinely appreciated. We said in our report that the system

"generally works well in providing a low cost, good quality procedure for large numbers of litigants. The procedure is informal and quicker than ordinary proceedings. It assists litigants to appear in person by providing greater judicial intervention and support and enables people to avoid incurring substantial legal costs in order to pursue small monetary claims."

We went on to say that we identified some problems, and I will refer to those in my speech.

We visited county courts in various parts of the country individually, in places that were convenient to us. We talked to district court judges, who also gave evidence. We listened to cases from start to finish and took evidence from judges, personal injury lawyers, Citizens Advice, the Law Society and Ministers.

We identified four issues. The first was the information technology situation in the county courts, particularly as it affects the small claims track. When we visited the county courts, we found the IT systems in a dreadful state. Judges admitted that they were using their computers merely as word processors. Even more concerning was the fact that we were informed that new software was performing poorly. The listing software, which could be accessed by the clerks and administrative staff, could not be accessed by the judges because of compatibility problems.

We concluded that the Department must place greater priority on providing adequate IT facilities to the county courts. Although the provision of IT equipment and electronic document management software might be expensive in the short term, there would be scope for greater efficiencies if the current paper-based system were at least partially replaced, and the service to the public would be improved.

The Government response includes the interesting phrase:

"We start from a low technology platform"—

a strange mixed metaphor. It continued:

"current investment in improved infrastructure, electronic scheduling, centralised data and future plans to develop electronic service channels will provide us with the opportunity to streamline the process further."

Wonderful weasel words. The Government are saying not that they are actually going to do it, but that once they have done all that—even that is in doubt—they will have the opportunity to do more. The response said, of course, that financial constraints dictate the speed of progress, and that a

"programme to roll out a modern IT infrastructure to our large civil courts"

should have been completed by today—the end of March 2006. It continued:

"details of the scope and timetable for further developments is commercially sensitive."

Keith Vaz (Leicester, East) (Lab): As the right hon. Gentleman knows, the Select Committee discovered that the Department for Constitutional Affairs spent £9 million on consultants last year. I recently received a reply to a question on where that money was spent. Some was spent on IT consultants. Does he agree that it would be useful to know exactly what those IT consultants did for the large amount of money that the Department spent?

Mr. Beith: Indeed it would. I expect that a further letter in amplification of the hon. Gentleman's persistent and necessary questioning on the subject might follow from the Department. Were the consultants on whom so much money was spent involved in trying to sort out the county court IT provision? If so, that does not seem to have produced the results that we need. It is clearly an issue for the Department and it should show more urgency, we felt, than it has.

The second problem area, which is reflected in the experience of hon. Members when trying to help their constituents, is in the enforcement of judgments. If someone gets a judgment in the small claims court and comes out thinking that they have recognition that wrong was done and will be compensated, and then find that they cannot enforce it, that is extremely frustrating. It is such a common experience that, in its literature, the Department advises people how to find out whether the person against whom they have a claim already has undischarged county court judgments, as it might not be worth pursuing another claim against that person. It is a counsel of defeat: do not bother taking a case against that defendant, because his record of paying is so bad that it is not worth while.

David Taylor (North-West Leicestershire) (Lab/Co-op): In the parable of the good Samaritan, the victim fell amongst thieves. I am an accountant who has fallen amongst lawyers, by the look of things.

As an accountant, I found that the small claims court, or the small claims track as it is now called, worked in terms of clarity, speed and helpfulness, as the right hon. Gentleman said, but it hit the buffers when it came to enforcement. The measures suggested by the report are good, but I am not sure that they will have any impact

[David Taylor]

on the "won't pays", the people who move around and are not in settled employment. That is where I encountered the most persistent problems when I tried to claim to assist clients.

Mr. Beith: I am not a lawyer, although there are quite a few around. Having an accountant present encourages me to invite him and his colleagues to come up with some more ideas as to how we can improve the enforcement process. The Government have some good ideas that they want to carry forward, and we commend them in the report. However, we are worried about the time that it will take to achieve such things.

The Department has laid out a number of proposals, including widening access to charging orders, fixing tables on attachment of earnings orders and information sharing with other Departments, but many of those require legislation. Despite our recommendation that the new powers should be introduced expeditiously, the Department has suggested that they are likely to feature in the draft courts and tribunals Bill, which we will consider later this year. There may be measures in that Bill that ought to go through the draft process, but we have been discussing these powers for a long time. I would rather have seen them in the current legislative timetable than put off for another Session. An awful lot of people will not get help to have their county court judgments enforced if we have to wait that long. That is a worry.

The third issue, which is not a problem about the small claims track but an issue for the future, is the limits on claims for personal injury and housing disrepair. There is a lower limit of £1,000 on the value of claims for personal injury and housing disrepair that go through the small claims track, which has been in force for a long time. We felt, as did the Better Regulation Task Force, that the limit needed to be reviewed and raised to £2,500.

In preface, perhaps I should say that virtually all our witnesses agreed that the most important issue was that the parties had proper information and advice before they came to court, rather than when they were represented at court, so that they knew whether it would be appropriate for their case to go through the small claims track, or whether they ought to be properly represented and not go through that track. Of course, one can be represented legally in the small claims track, but the cost structure does not make that an attractive or appropriate option for many people who might want to pursue claims. A more complex case should not go through that process. However, claims for personal injuries at the lower level could certainly be considered under the small claims system without unduly disadvantaging claimants.

The same issue could be raised about housing disrepair cases. It is important that vulnerable tenants, for example, have access to advice to find out whether their case can reasonably be resolved in the small claims process. It might be a lot easier for them if it is dealt with in that way, but it could be more complicated to do so.

Mr. Philip Hollobone (Kettering) (Con): The National Accident Helpline is based in Kettering, in my constituency. It has written to me to say that, on its estimate, at least 30 per cent. of total personal injury claims would be included in a £1,000 to £2,500 bracket. It cites evidence from the Association of District Judges, which acknowledges that

"lay people would be disadvantaged if they had to arrange for investigation of the medical aspects of their claim, in all but the smallest cases, without the assistance of legal representation."

Mr. Beith: The hon. Gentleman mentions the essential qualification—

"all but the smallest cases".

In a moment, I shall come to medical reports as they relate to personal injury claims and I hope to deal then with the concern that he expressed.

Mr. Michael Wills (North Swindon) (Lab): Before the right hon. Gentleman moves on, I would like to clarify something. I take his point that all claimants should have proper advice before going to court, but does he recognise that there are concerns about the disproportionate benefits enjoyed by defendants, who will almost always be legally represented throughout the process, whereas many claimants will not be represented in court, particularly if the limits are raised? The defendant therefore enjoys a disproportionate advantage. Does the right hon. Gentleman recognise those concerns?

Mr. Beith: That is a very proper concern in more complex cases. When I say more complex, I have in mind the complexity involved in dealing with an injury with a high prospect of recurrence, not the massive complexity that one might normally associate with a legal argument. In the case of such injuries, someone should be represented.

However, the hon. Gentleman's argument neglects the judges' active role in a small claims court and the pains to which they go to ensure that unrepresented claimants are not put at a disadvantage. Indeed, if a district court judge thought that that were going to happen, he would not want the case to go down the small claims track at all. It can happen that one side is represented and one is not, but the judges who deal with such claims—we have observed this in action—are very experienced, have often practised in this area and are at particular pains to ensure that any inequality of arms is not reflected in the way in which the matter is handled. That is because of the more interventionist way in which they can proceed.

Keith Vaz: As a member of the right hon. Gentleman's Committee and someone who signed the report, I say this in no way to sound disloyal, but we may have made a mistake in recommending that the limit be raised to £2,500. Since the report was published, I have had representations from many groups, saying that we got things wrong and that raising the limit, as the hon. Member for North Swindon (Mr. Wills) suggested, is much more unfair to unrepresented litigants. Has the right hon. Gentleman had the postbag that I have had on that issue?

Mr. Beith: I have indeed, but mainly because my hon. Friends and other hon. Members have passed letters from personal injury lawyers in their constituencies on to me. One or two personal injury lawyers in each constituency have dutifully written to their Members of

Parliament, as they are quite entitled to do, to express their view and to advance their arguments. The Government must now consider the various cases that have been put to them about whether, and if so by how much, the limit should be increased, and they will obviously want to take account of those representations.

A curious feature of several of those representations, however, was that they appeared to be based on the principle that £1,000 was the appropriate limit in personal injury cases for all time. One or two bodies, including the Association of Personal Injury Lawyers, conceded that, in its view, no personal injury cases should ever go down the small claims track, or should ever have done so. We should bear it in mind that we are talking about a limit over which cases have drifted during the period in which it has been in force. We had better come clean about whether we believe that no personal injuries should be dealt with using the small claims track, or that there is a limit, which must be set at an appropriate level, and I shall come to some of the arguments about that.

Before I go much further on that, however, let me highlight the testimony from the Association of District Judges. Its view is that parties would not be unduly disadvantaged if the limit were raised to £2,500. Such judges are often solicitors who may have practised in this area of law and who are in a good position to judge how litigants would cope with the support that judges gave them. They have had plenty of opportunity to observe represented and unrepresented claimants.

In its report, the Committee referred to the potential complexities faced by claimants who need to obtain medical reports—a point that was raised earlier. We made it plain that it may be proper to draw a distinction between more complex injury claims, which require a medical report, and those in which injuries clear up within months, in which the only available evidence is likely to be from the general practitioner or physiotherapist, and in which there is no continuing problem with the injury. In the latter circumstances, it would be more sensible for the GP's letter to be adduced in evidence, avoiding the cost of medical reports and lawyers to interpret them.

Our subsequent inquiry looked into whether there was a compensation culture. Incidentally, for the benefit of those who wrote to us suggesting that we thought that there was a compensation culture, let me say that we said precisely the opposite in our subsequent report. In our inquiry, insurers told us that they would be prepared to accept reports from GPs in such small cases. The current process can lead to cases in which the legal costs and disbursements involved in bringing a claim exceed the damages that the claimant receives, fuelling the impression of compensation culture.

One should recognise that some minor injuries and effects are well out of the way by the time people get to the small claims court. Such injuries and effects fall well within what judges refer to as the green book limits, which are in the £1,000 to £2,500 range, or at some other suitable level around there. I have in mind the minor injuries, the trips and the slips, the broken finger or the very minor scarring. If one looks at the green book and at the injuries that fall within that range, one sees that compensation for the loss of, or damage to one front tooth falls in the £1,250 to £2,150 range. Compensation for work-related upper limb disorders, which relate mainly to tendons and where there is complete recovery in a short period, are in the £1,250 to £1,900 range. Compensation for trivial thumb injuries that have caused severe pain for a short time, but which have been resolved is in the region of £1,250. Compensation for all those things is just over the present limit.

Mr. Andrew Dismore (Hendon) (Lab): I hope to catch your eye later, Mr. Marshall, but I am extremely concerned about some of the right hon. Gentleman's examples. Has he ever tried to fight an upper limb disorder case? They are incredibly difficult on liability, never mind quantum. One of my concerns about his recommendation is that it assumes that insurers will automatically admit liability in every case, but work-related upper limb disorder cases are incredibly difficult and complex to fight.

Mr. Beith: The hon. Gentleman is a very experienced personal injury lawyer who has fought many such cases, but I am not. I am focusing on the fact that several injuries fall within the small range that I mentioned. If, at the end of the day, the claimant gets £1,250, one wonders why he has to go through the much more elaborate procedure. The hon. Gentleman, I am sure, fears that the injury will be more complex and cause recurrent problems and will therefore deserve much higher compensation. In that case, it clearly should not be in the small claims track.

Mr. Dismore: The right hon. Gentleman is missing the point. The difficulty with the recommendation is not the value of the claim, but the complexity of establishing liability in the first place. Insurers will deny liability, and the victim of the injury will not be able to obtain justice as a result of this recommendation, because specialist legal knowledge is required to fight them.

Mr. Beith: If the hon. Gentleman is arguing that all the cases that have hitherto gone down the small claims track should not have been dealt with in that way, he should have been arguing for a long time to remove them entirely. What we actually have is an argument about the right level.

Mr. Dismore: I am sorry, but the short answer is that I resisted the introduction of personal injury claims in the small claims track in the first place. My basic position is that they should not be there, but as they are, they should stay where they are.

Mr. Beith: At least we now have the cards on the table. The hon. Gentleman should be arguing for all small cases to be taken out, but that is unreasonable in terms both of the perception of what judges will do in the small claims court and of the treatment of those whose injuries have undoubtedly been dealt with and who would quite like to go through a fairly simple procedure, rather than the lengthier one. However, the Government are listening to the arguments and will make the decision; we are simply contributing to the debate. That brings clearly out into the open the fact that most of those who argue that the limits should not be raised at all appear to believe, as the hon. Gentleman did in previous years, that none of these cases should ever go down the small claims track.

[Mr. Beith]

Of course, one could advance the same argument about much of what goes on in the small claims court. One could say that consumers are not in a position to understand the complexities of tort or contract law, yet the limit for such claims is set at £5,000, without obvious difficulties. If complex medical reports are eliminated from the equation, it is not easy to identify why claimants should not be able to set out the basic facts before a judge about how they came to be injured.

The European small claims procedure became a live matter while we were examining the issue. We concluded that it could be of real benefit in cross-border cases, but we were concerned that the claiming of disproportionate legal costs and the unrealistically low limit of £2,000 could undermine its value. We saw no reason to extend the European small claims procedure to wholly domestic cases, where the existing system is available with lower cost risk and has been shown to work relatively well. We were quite worried that people might mistakenly suppose the European small claims procedure to have something to do with European human rights and therefore believe that they would be better off using it. However, doing so might prove to be a more expensive and time-consuming way of dealing with their case. We saw the attractions of the European procedure in cross-border cases, which are increasingly common as people travel more widely and buy things on the internet from sources abroad. The complexities of modern life make it highly desirable to get such a system up and running effectively.

The Government's response said:

"The Government, during its presidency of the European Council obtained agreement on the need for proportionate costs and to limit the procedure to cross-border cases."

The issue is apparently still under discussion in the European Council's working group. I am not sure that the limit is absolutely firm, so it would be helpful if the Minister could let us know. The response continued:

"The Government will continue to press for a procedure which is practical, straightforward, fast and effective."

In the meantime, the House of Lords European Union Committee has published a report on the European small claims procedure welcoming the initiative, particularly in respect of cross-border cases.

Members of our Committee found it rewarding to look closely at the small claims track and at the grass roots of consumer disputes, housing issues, and minor accidents and personal injuries. I still treasure the image of a district court judge arranging dinky toys on the court desk while the parties, both of whom were represented, explained precisely where the cars and the bus were at a crucial moment. I asked the judge in one case how long she thought it would have taken if the parties had not been represented. She said about half the time. Judges operating in district courts have a pretty good and shrewd way of ensuring that unrepresented defendants have their cases properly dealt with.

All human life was there. We saw the emotions and cross-currents that run through the often hotly contested disputes between private individuals. I watched an argument about a fireplace that had been removed, with the judge attempting to resolve the difficult situation and the husband and wife parties not agreeing on how it should be resolved—one was prepared to pay and the other was not. Many of the cases operate at the level where personal difficulty and emotion complicate arguments about relatively small sums of money. However, those sums are significant to those who have had to bear the burden of the cost of a repair, consumer mistreatment or whatever.

The system is a credit to our judiciary, but it is capable of significant improvement, particularly in enforcement, and there probably needs to be some adjustment of the limits in personal injury and housing cases—we wait to hear what the Government think appropriate in that respect. It is a system that should be valued.

2.54 pm

Mr. Andrew Dismore (Hendon) (Lab): I wish to raise only one aspect of the report and that is paragraph 54, which contains the recommendation on limits for small claims in personal injury cases.

Before doing so, I declare an interest. Prior to the general election in 1997, I practised as a personal injury lawyer for almost 20 years, mainly working with trade unions. I remain a consultant with my law firm, which is listed in the Register of Members' Interests, but I have not handled any cases since being elected, as I do not think that I could do that and work as an MP.

I have kept in close contact with the personal injury world. I am a founder member of the Association of Personal Injury Lawyers and a former member of its executive committee, and I handled its damages special interest group from its foundation until my election. I was also appointed by the Law Society as an accreditation assessor for its panel of specialist personal injury lawyers, and have sat on appeals against refusals of accreditation. Although I say so myself, in the Legal 500, the peer-group review, I was rated in the top five personal injury lawyers in London for three years running, until I was elected to this place. I have handled many thousands of personal injury cases in my career: high-value cases, complex cases in the House of Lords and many cases of lesser value—the sort of cases that we are talking about today. It is fair to say, although I say so myself, that I know a little about the subject.

Today, however, I hold no brief for the legal profession; I hold a brief for my constituents who may be the subject of personal injuries. Having said that, I recognise that no law firm will become particularly rich dealing with relatively low-value cases, as they do not make a lot of money, despite what the insurance company might say. My job is to stand up for victims.

The basic error into which the Select Committee has fallen is to suggest that personal injury cases are somehow on a par with consumer cases. There is a real difference. If someone's washing machine does not work, they know how much it cost to buy and how much it costs to repair. They have a good idea of how much money they are looking for. Similarly, if a garage has not repaired a car properly, the owner knows how much is involved. However, the average person in the street has no idea what a personal injury claim is worth. I am amazed that the Committee even suggested that the comparison should be considered. That reveals the power of the insurance industry lobby today—it has the ear of the Government and the ear of the Committee, too.

Despite the Committee's previous findings on compensation culture and all the statistics showing otherwise, the same compensation culture arguments are still trotted out all the time. The Committee's report came to a different conclusion, which I welcome, but the tabloid press churns out such arguments, which, despite the facts, nevertheless chime with the judiciary and the powers that be.

Mr. Beith: I hope that the hon. Gentleman will think again if he is suggesting that the Committee came to its conclusion because of the lobbying power of the insurance industry. If any group of people influenced the Committee significantly, it was probably the judges themselves, explaining what they believed their courts could cope with. I hope that the hon. Gentleman will withdraw the unworthy suggestion that the lobbying power of the insurance industry—whatever it may be—is any more significant than the obviously quite notable lobbying power of the Association of Personal Injury Lawyers.

Mr. Dismore: I am afraid that I have to disagree. I am not casting aspersions on the right hon. Gentleman, but having seen the amount of time, effort and money that the insurance company lobby spent on trying to reduce the value of personal injury claims and take money away from accident victims, as compared to the resources available to the APIL, I can say that the two do not bear any comparison whatever.

I am concerned that as a result of the lobbying we are seeing an assault on the rights of personal injury victims, and I am not talking about cost regimes. For example, there is the disgrace of clause 1 of the compensation Bill, which will come before the House soon. It is an unworthy Bill that will do significant damage to the rights of accident victims. We have seen an attack from the Home Office on the criminal injuries compensation scheme. In fact, one of my last big cases was in the House of Lords against the then Home Secretary, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), when he tried to implement similar reforms. Now we see from the right hon. Member for Berwick-upon-Tweed (Mr. Beith) a suggestion over small claims. Even worse, the judiciary is in on the act too, with some disgraceful recent decisions in the Court of Appeal, such as in the pleural plaques cases, which take away the rights and compensation for injured and deserving workers.

To return to small claims, we hear the arguments advanced for an increase. The Committee says £2,500, the Better Regulation Taskforce said £5,000 and the insurance industry says £5,000. Interestingly, however, the Civil Justice Council, the trade unions and the consumer groups say that there should be no increase whatever. One argument that has been prayed in aid concerns inflation. If inflation were the test, the level would go up to £1,500—if the retail prices index was applied, it would be £1,480. However, that assumes that personal injury damages have in fact kept pace with inflation, yet they have significantly failed to do so since the 1960s. There is not a great deal in that argument.

Mr. David Jones (Clwyd, West) (Con): Does it not matter from what date one applies the start of the inflationary period? The small claims track was looked at in 1998, only eight years ago, so the inflationary increase is probably even less than that.

Mr. Dismore: The hon. Gentleman is right. When I was writing a paper for the Law Commission in the early 1990s, I undertook an analysis, based on the retail prices index, of personal injury damages going back to the 1960s. The sums being awarded in the 1990s were only a third of what they should have been had inflation been properly applied since the 1960s. It may be a matter for the Minister on another day, and another campaign, but not today. However, there is a strong case for saying that damages are too low.

I put that to one side, however, and turn to what is happening in Europe. Strong discussions are taking place on a European procedure for small claims. A limit of €2,000, or £1,300, has been suggested, with the safeguard of free legal advice to consumers who use the system. The Committee talks glibly about £2,500, but it does not realise that that is a lot of money to many people—especially to those who are the victims of accidents. For those on the minimum wage, that sum represents a quarter of their annual income. It is a significant amount of money. Although it may be a flea bite to the insurance company, it can make a significant difference to those who have been injured on the roads or through consumer products.

If the reform were to go ahead it would deprive victims of the right to legal advice, assistance and—I disagree with the right hon. Member for Berwick-upon-Tweed on this point—representation in court. We already know that only one third of valid personal injuries result in a claim. Many more will be deterred from seeking access to justice. That may result in an infringement of article 6 of the European convention on human rights, which provides the right to a fair trial, because injured people faced with the barrage put up by the insurance companies will not get a fair trial.

Mr. Beith: Is the hon. Gentleman saying that the existing £1,000 limit in all cases is at risk of being regarded as an infringement of article 6?

Mr. Dismore: One could argue to that effect, but I am not making that argument today. I am not arguing for the removal of the small claims limit for small cases. As I said when I intervened on the right hon. Gentleman, I campaigned against it, but it is a fact of life. Many people lost out as a result of that change. Many injured people do not bother to claim because they do not know how to do so. I shall advance that argument in more detail shortly.

Mr. Hollobone: The national accident helpline, which is based in Kettering in my constituency, did some quantitative research with 182 individuals who were pursuing claims through the fast track claims process. It found that 91 per cent. of people did not know what their personal injury claim was worth; that 96 per cent. did not know how to pursue their claim without legal help; and that 73 per cent. did not know how to get an independent medical report.

Mr. Dismore: I am grateful to the hon. Gentleman for those figures. They do not surprise me. They are slightly

[Mr. Dismore]

higher than figures that I found elsewhere, but I am grateful for the intervention, as it reflects the reality of what happens in the outside world rather than in the hallowed corridors of the Palace of Westminster.

The argument advanced by the insurers is one of disproportionate cost. According to the Committee's report, they claim that the costs are equivalent to 65 per cent. of the value of claims and some 40 per cent. of the total pay out. The question is why those costs are so high. It is because the insurance companies fight claims tooth and nail. They hope to deter claimants from bringing cases to court. They deny liability when they should not, they make silly offers, and they take cases too far along the track and then to court when they should have paid up earlier and properly. If they did so, the costs would not be so high. The cost of bringing claims is high because that is what it takes to make the insurance companies pay out. If the insurance companies want to limit their costs, they should accept liability and pay up early.

There are other solutions. The Law Society's briefing for today's debate makes it clear that discussions are ongoing to try to simplify procedures. We have already seen the introduction of various protocols and more can be done in that direction to try to reduce legal costs. For example, we have seen fixed costs in road traffic cases. That is another way to reduce costs.

In the end, not all legal costs will be eliminated, not even in the small claims court. A medical report will be needed—one from a GP may be satisfactory—as will a police report. All that will cost money, and that will have to be factored into the insurance companies' equation come what may. The insurance companies are not going to pay out on a road traffic case without a police report, and the cost of that now runs into three figures. To suggest that it is all down to thieving lawyers is a misrepresentation of how legal costs accrue.

What will be the effect of the increase? If it were to go up to £5,000, 75 per cent. of personal injury claimants would be deprived of legal advice and assistance. If it were to go up to £2,500, as the report proposes, 52 per cent. would be deprived of that right. It would pose a far greater risk of injustice for the ordinary man or woman in the street than to the mighty insurance companies if the latter had to pay costs in cases that, by definition, they would lose and on which they should have paid up earlier.

Mr. David Anderson (Blaydon) (Lab): Is my hon. Friend aware that, in a survey carried out by Unison last year, 63 per cent. of people who were supported through the legal system said that if they had not been represented they would not have gone forward with their case as they would not have felt confident in representing themselves before a judge?

Mr. Dismore: My hon. Friend makes an entirely apposite point. I was about to deal with it, but I did not have those figures, and I am grateful to hear about the Unison survey. That is undoubtedly a deterrent to claims being brought in the first place, which is illustrated in a vast quantity of research.

The Association of Personal Injury Lawyers conducted a poll—it was done through MORI, so that it was properly validated—showing that about two thirds of those who suffered injury would not pursue their cases through the small claims court without the help of an independent solicitor. If 64 per cent. of people will not bring a claim without independent legal help, it means that two thirds will fail to get justice.

Those who decide to go to claims farmers could lose a third or more of their claim through contingency fees for representation that is at best second rate, but without proceedings there is less leverage for getting better compensation out of insurance companies. That underestimates the real fear that the average person has of the legal system. The man and woman in the street are terrified of going to court. People, particularly professionals, lawyers and others who are used to dealing with bureaucracy and that sort of environment, or used to the environment in the Palace of Westminster, can underestimate the fear that the average person has of dealing with such a situation.

I welcome the more interventionist approach of district judges, but unfortunately most cases would not get anywhere near a district judge because they would not get to court. When I did assessments for the specialist panel of the Law Society, not many district judges held that qualification. Not many of them are experts in that field. Some may go to a citizens advice bureau, but it is not properly equipped to advise people. People come to my surgery from time to time for advice, which I give for free. I advise people of the basics of making a small claim, but I am not sure how many follow it, even though the advice is probably worth rather a lot of money. The fact remains, however, that I would not be able to represent people in court because of other demands.

The difficulty is that we end up with a lack of equality. People are unlucky to have an injury; they are even more unlucky to have a claim and no lawyer to present it. For most, an accident is a one-off event. Most people never have accidents, but some do. However, the insurance claims assessors, whose job it is to minimise claims, are answerable to their bosses and shareholders, have no duty to the victim or the court—unlike solicitors, who have a duty to both the court and the victim—and deal with dozens of such cases day in, day out. In my early days as an articled clerk—I think that they are now called trainee solicitors—I remember having to meet claims assessors from the Municipal Mutual Insurance, Zurich Insurance, and other particularly bad companies, who tried to put one over on me in my naivety as a trainee. They were tricky individuals. If they try it on in that environment, I wonder what they do when dealing with the cases of ordinary, unrepresented people.

This is not just a question of quantum—the value of the claim—it is also about liability. Perhaps I can illustrate this with some hypothetical cases that are typical of the cases that I dealt with. Let us consider Mrs. Patel, a pensioner, who trips on a broken pavement, falls over and breaks her cheekbone, or Mr. Smith, who has impaired sight, falls on a bus that pulls away from the bus stop too quickly and breaks his nose, or take Mr. Jones, who is clipped by a car when running across the road when the green man is flashing. What would those people do? It would be difficult to prove liability in those cases, which are not worth a lot of money—certainly less than £2,500—but which have a value. Where would those people get legal advice? How

would they know who to claim against? Most people do not know how to track down the claims department in their local council or bus company, and do not have the wherewithal to take down the car number plate, if they have been hit, and track down the insurance company. Even when people make a claim, insurance companies often do not bother to reply; they hope that claimants will go away. How should such people write to them or find them? What about the language barrier for a pensioner like Mrs. Patel, who probably does not speak English or does not speak it well. Would the CAB be able to help them? That is unlikely.

What about collecting evidence to support such cases? Most people who trip on a pavement might think about taking a photo of it, but how many people know that a photo is no good if it has nothing in it to show the scale, such as a matchbox, coin or ruler, to prove how big the trip is? That is the sort of basic advice that a person needs at the beginning of their case if they are to pursue successfully a personal injury claim for tripping on a pavement. There is some more free legal advice for those who might need it. How many people know how to keep track of witnesses, how to get witness statements for their claims and to keep in contact with those witnesses?

Mr. Beith: The hon. Gentleman has to answer his own question. If someone who lacks all that essential evidence goes to a local solicitor and says, "Will you take my case?", he then has to deal with solicitors, but they are now managing risk in terms of the likelihood of winning cases.

Mr. Dismore: Those three cases are of the sort that I handled and won compensation for the victims.

Mr. Beith: But the hon. Gentleman is not there any more.

Mr. Dismore: I am not there any more, but there are many other good personal injury lawyers—members of APIL, for example—who are and will take on such cases on a conditional fee basis at no cost to the claimant.

What happens if the insurer—if the claimant has managed to track them down—writes back denying liability? How is such a person to assess whether they even have a claim if they do not know the basic principles of the laws of negligence or statutory duty? What if the insurer alleges contributory negligence? Does everybody know what that is and how to assess the percentage that someone might be to blame for tripping up if they were not looking where they were going? In such circumstances, the claimant would drop the case.

When I was in practice, there was an empirical rule of thumb—a sort of four-thirds rule: only a third of cases came anywhere near us in the first place, a third of which had no hope and should not be brought, a third of which were pretty certain to succeed, and a third of which needed work to build up the case, find the evidence and establish liability. The average person in the street is not able to do that. It goes on. Let us assume that the case finally gets to court. The claimant has to fill in the forms and find the medical evidence—the hon. Member for Kettering (Mr. Hollobone) mentioned that. Would they know how to do that? Suppose that they managed to get a case under way and the insurer says, "Okay, we'll give you 500 quid"? How would they know whether that is enough, particularly if there is an allegation of contributory negligence?

The public's view of damages bears no relationship to reality. When I was doing some research for a Law Commission paper, we did some focus group work, which was very popular in the 1990s, and found that the average person in the street thought that the value of the injury, excluding any financial loss, was three times what they would actually get from a court. Therefore, people might take cases further and pursue them for longer because they are not told that they are not worth as much as they think. That is very counterintuitive, from the insurers' point of view, if the case were to get that far.

Frankly, from the Committee's report, it seems that it has no idea of the value of claims either. The right hon. Member for Berwick-upon-Tweed referred to paragraph 52 of the report, but someone who is off work with injuries for months would claim more than £2,500 anyway. It is suggested that such a case should go ahead on the basis of a report from a GP or physiotherapist; one would not get on the personal injury panel of the Law Society with that sort of assessment of a case. That is not how they would be fought. They would potentially be worth rather more than that.

APIL's MORI research showed that 80 per cent. of people felt that they would not be offered enough by an insurance company, so even if the insurer offered the right value in those sorts of cases, the offer would not be accepted because people think that cases are worth more than they are. We have the Judicial Studies Board guidelines, which give brackets and ranges for personal injury damages. Most people think that their case should be in a higher bracket than it is, and that it is worth the top of the range in that bracket, which it will not be.

It is not just a matter of the injury itself; another consideration is the special damages—the financial losses. Who advises on whether one can recover for damages to one's clothing and if so how to assess the amount? Who advises how to get money for broken spectacles and how to assess the amount? It is not the replacement value. Who advises a pensioner who is incapacitated from doing household chores and needs extra help about the home that if they hire a home help for a week or two, they can recover that cost? The insurance company certainly will not tell them that.

People have an utter fear of courts, which I mentioned earlier. Even when they are represented, they are terrified of court. I have taken many clients to court and one of the first things that I always do is take them into the courtroom before the judge gets there to show them where everybody sits. I try to put them at ease. People are like a cat on a hot tin roof when they think that they will have to give evidence in court, even in the relatively informal circumstances of a small claims court. Even lawyers get nervous about representing people before a judge.

How would Mrs. Patel cope if her case got that far? Would she know how to find an interpreter? Would she really be able to put her case against a seasoned insurance company representative? Would Mr. Smith, with his visual impairment, or Mr. Jones, an ordinary person who has been clipped by a car, be able to put their cases? Such cases are everyday occurrences for

[Mr. Dismore]

insurance claims assessors. They are trained on processes, evidence, how to cross-examine and evaluations. An interventionist judge is not the answer.

We also have to bear in mind that the outcome of one of these cases is in full and final settlement. What happens if the claimant turns out to be more injured than they thought and did not realise that they could consider that particular aspect? A lawyer would make sure that the medical evidence was right and would look at the long-term consequences.

I have been speaking for far too long on this issue, but I feel passionately about it. I believe that the recommendation will victimise people thrice over: first as victims of the injury, secondly as victims of the insurance industry, and thirdly, and perhaps most seriously, as victims of a legal system that will manifestly fail to give them justice. If we must have a small claims limit for personal injury cases, it should stay where it is.

3.18 pm

Mr. David Jones (Clwyd, West) (Con): My remarks will also be confined to the limits in personal injury cases, and much of what I say will echo the comments of the hon. Member for Hendon (Mr. Dismore).

I must declare an interest, as revealed in the Register of Members' Interests. I am a member of the Law Society, but have not practised as a personal injury lawyer for many years, although there was a time when I did a considerable amount of PI work—much of it for trade unions. Therefore, I have a certain degree of knowledge on this matter.

As the hon. Gentleman said, the small claims level for personal injury cases was instituted for a good reason: the nature of personal injury cases is very different from other small claims court cases. I have no doubt that small claims courts have been a highly desirable development and have had a significant beneficial effect in promoting access to justice. A large percentage of the cases that come before those courts involve the recovery of small personal debts, or consumer claims.

The small claims procedure is well suited to such cases. The evidence required in them is not normally so complex that most claimants would feel uncomfortable in pursuing their claims themselves. Frequently, that consists simply of producing the relevant documentation—or in many cases explaining the lack of documentation—and telling the claimant's side of the story. The interventionist approach adopted by the courts, to which witnesses who came to the Committee referred, means that any small procedural lapses can be quickly and easily attended to. Frankly, they are not normally of great moment in any event.

Personal injury cases are very different. In such cases, it is frequently difficult and complex to demonstrate the negligence of the other party. As the hon. Gentleman said, a number of factors need to be considered. There is the evidence. Frequently, the degree of liability of both sides has to be considered. There is the question of quantum, and the production of the medical evidence, which can in itself be a major part of the exercise. My concern is that a large number of such potentially complex matters will be a significant disincentive to people to run a case. To raise the small claims limit significantly would, in effect, deprive injured people of the benefit of legal advice and therefore access to justice.

Mr. Hollobone: Given my hon. Friend's strong trade union links, I am sure that he will be interested in the statistic that the TUC uses, which is that 30 to 50 per cent. of all personal injury claims are in the £1,000 to £2,500 bracket.

Mr. Jones: I am sure that that is correct. Again, as the hon. Member for Hendon stated, damages for personal injuries have not increased significantly over the years, so in many respects the question of inflation is not relevant.

The position would be exacerbated substantially if the small claims limit were significantly increased, because most injury cases arise from motor accidents. The motor insurance industry has effective, and frequently very aggressive, in-house negotiators operating on its behalf. Such people know exactly what their job is, and frequently it is to intimidate the claimant into not pursuing his claim. It is very difficult for a claimant facing such an aggressive negotiator to take his courage in both hands, go before the court and argue his case himself.

The report refers to evidence from District Judge Walker on the level of damages that are awarded in straightforward injury cases. He talks about damages in the region of £1,000 to £2,500. However, cases are not always so straightforward, and some much more complex injuries result in relatively small damages. The Law Society has pointed out that a whiplash injury giving rise to pain for many years can result in an award of only £2,000 or £3,000. Anyone who has been involved in personal injury cases knows that whiplash injuries are frequently extremely difficult to prove, but can be very painful for the unfortunate claimant.

Another matter was touched on by the hon. Member for Hendon. Although the claims in many of the cases that we are considering are small in absolute terms, they can be a significant matter for the claimant. The Law Society has pointed out that a personal injury claim for £2,500 represents 10 weeks' earnings for someone on the minimum wage. Although in absolute terms that is not a large sum of money, for the individual claimant, it is a matter of great importance.

The system of tracking is designed to ensure that litigants have their cases disposed of as efficiently, speedily and inexpensively as possible. There is no evidence that handling personal injury claims on the fast track does not work. Indeed, the fact that costs will potentially be awarded at the end of the day makes it, in my experience, all the more likely that the litigators on both sides will want to conclude the litigation as quickly as possible. The vast majority of cases under £5,000 are road traffic cases and they are usually settled without going to court at all.

What is required is to continue to encourage the efficient handling of small claims, which is not necessarily the same as saying that more cases should be allocated to the small claims track. What should be encouraged is the early settlement of disputes. For that purpose, in cases of personal injury, the intervention of lawyers at an early stage is important. If the limit is

raised significantly, that will be a positive disincentive to claimants to take their cases to court, and justice will not be served. If that happens, it will reflect no credit on this House or on anyone else involved in the process.

3.26 pm

James Brokenshire (Hornchurch) (Con): First, I declare an interest as a solicitor and a member of the Law Society.

The debate has focused on the Select Committee's recommendations on the proposal to increase the limit in respect of personal injury claims and the small claims track. Before coming to that, however, I should like to talk about a couple of other issues that were dealt with in the Committee's report.

The first issue is, on the face of it, relatively minor. It is the administration and operation of the small claims court and, in particular, the customer-facing side of that. Having practised law but not in the county court or small claims court, I found it extremely informative, as part of the Committee's work, to see and appreciate the operation of that court and the way in which it deals with people. One debate that we had was on the manner in which cases are disposed of. I am referring to the way in which people are dealt with when they turn up at court. There was debate on whether there was a need for people to have fixed times for attending court to have their case disposed of. On balance, the Committee felt that that was not appropriate. That view is borne out by my own experience of attending court, and observing the work of a deputy district judge in the context of the small claims procedure and the way in which cases are dealt with at court.

A number of claimants and defendants arrive at the same time at an appointed hour in the morning, and the role of the clerk to the court is pivotal. I did not fully appreciate that until I was there. I am talking about the way in which the clerk to the court handles the people arriving there, assessing the complexity of cases in conjunction with the deputy district judge to try to ensure that the time allowed for cases is such that they run smoothly. There is an assessment of how much time will be needed for evidence to be given to the court and for a matter to be disposed of. It may seem as though there is a lot of hanging around for the people involved, but normally the clerks intervene quite early and agree with the deputy district judge or the district judge the order in which cases will be taken, depending on the availability of witnesses and other parties and how long a case is likely to take. I found it informative and interesting to see how well that system can work on the basis of a good clerk.

What would be helpful before people come to court is information and notice of how things will proceed, but from what I have seen so far—this view was shared by other members of the Committee—I do not think that there is a feeling that individual appointments should be booked for individual claimants or individual cases. It is a question of ensuring that the court's time is used efficiently and effectively. On balance, the current system works, albeit that there is a need for greater investment in IT and to ensure that claimants and defendants are well aware of what will happen when they get to court and the way in which the case will be dealt with. It was interesting to see how that is still working in practice.

The right hon. Member for Berwick-upon-Tweed (Mr. Beith) highlighted the point about enforceability. This debate has centred around limits, but for me the most fundamental and pressing issue is enforceability. We have heard a lot about access to justice during the debate, but if someone goes through the court process, has their day in court, obtains a judgment in their favour but finds that the judgment cannot be enforced, the system falls. It fails and the litigant does not get justice. The strongest point that came out of the inquiry for me was people's sheer frustration and exasperation when they obtained a judgment that told them that they were right and entitled to compensation, but were unable to execute that judgment.

The problem has existed for some time. In the Department's evidence to the Committee, it noted that the problem has existed since 1998, when the review of civil enforcement was embarked on. Recommendations came forward in July 2000 on the steps that might be taken. The civil procedure rules came into effect in March 2002 and dealt with secondary legislation on the implementation of some of those recommendations, but we are still without the primary legislation to give teeth to additional enforcement powers such as charging orders, attachment of earnings orders and, most interestingly, data disclosure orders, which are essential to give people the information and ammunition to be able to track people down and to get the court to follow things through. I am sure that many hon. Members feel that frustration when constituents come to them and say, "I cannot track this person down, so I cannot physically enforce the order and I cannot get the court to do it either."

Justice and ensuring that people are given direct access to it is about legal advice and the ability to argue a case in court, but it is also about ensuring that a court judgment is followed through and that justice is not only done but is actively seen to be done. That is not happening at the moment and will not happen until we have the primary legislation to give effect to the important recommendations that have already been made. The Department for Constitutional Affairs stated in the report:

> "Changes requiring primary legislation will be taken forward as soon as Parliamentary time allows".

I am sure that the Minister wishes that that were the case, but she is not the custodian of parliamentary time and how legislation comes through in this House. However, the strong message that needs to come from this debate, as came from the Select Committee's recommendations, is that the matter must be prioritised. We must put the enforcement powers properly on the statute book as soon as we can to ensure that those rights are properly put into place and that people are not disadvantaged and fed up because the system lets them down and court judgments are not put into effect.

We have had a good debate on the suggested increases in the small claims limit in personal injury cases, which in many ways has highlighted the various arguments. As the hon. Member for Hendon (Mr. Dismore) said forcefully, the insurers will always seek to increase the limit as much as possible as a means of blocking justice. The Association of British Insurers stated:

> "Due to the financial constraints to lawyers and because the limit has never been changed very few cases are assigned to the small claims track."

[James Brokenshire]

It would say that, wouldn't it? The legal side could also say, "Well, it is too high already." The hon. Gentleman and my hon. Friend the Member for Kettering (Mr. Hollobone) argued eloquently that justice would be denied if any changes were made. It is interesting that many of the points that have been made this afternoon apply equally to the present limit. The hon. Gentleman rightly gave his objections to any limit and I understand the purity of his argument.

We need a debate on the matter. My hon. Friend the Member for Kettering referred to the National Accident Helpline and some of the points that it made. It recognised in its report that there is a case for raising the limit to £1,500, but that any further increase must be part of a wider review of the claims process. It also recognised the express concerns of genuine claimants who are currently seeking redress.

That shows that a review is needed and I am pleased that the Select Committee report has sparked discussion of whether there is a need to look at the limit and to increase it. We may have differences of opinion with regard to inflation, but the NAH came up with a figure of £1,500 and the Association of Personal Injury Lawyers came up with the same figure. The limit was set in the early 1990s and it should be reviewed to see whether it remains fit for purpose and whether it should change. The Better Regulation Task Force has, to use the words of the hon. Member for Hendon, been even more in the pocket of the insurance industry in recommending £5,000.

Mr. Dismore: The hon. Gentleman referred to inflation, but he has not responded to my main point: whether, irrespective of the retail prices index, damages have kept pace with inflation. They have manifestly failed to do so for decades. Just looking at the RPI is too simplistic.

James Brokenshire: That is a fair point in terms of the number of cases disposed of and the value of damages awarded. I am saying that we need to look at the limit and whether there is justification for increasing it, considering where we were in the early 1990s when the £1,000 limit was set. We should look at inflation, what damages have been during that time and whether it is appropriate to increase the limit.

The Association of District Judges said in its evidence:

> "Since the £1,000 limit has been in place for over 14 years, the Association does consider that there may be a case for increasing the £1,000 exception in personal injury cases slightly, perhaps to £2,000 or £2,500."

It recognised that the matter is not cut and dried and that there are legitimate arguments and concerns, as we have heard during this debate. I do not deny that. Indeed, any proposal to increase the limit would need to be closely linked with a proper review of the procedures and the way in which cases are dealt with in court. Much of that goes to the evidence and the way in which matters such as medical issues are dealt with.

Another piece of evidence to the Committee was given by Professor John Baldwin, head of law at Birmingham university, who has undertaken research into the small claims court for years, going back to the 1990s. It was interesting that he highlighted medical reports and said:

> "In my interviews with district judges, many have told me that they feel the financial limit for PI claims should be raised well beyond £1,000 and that large numbers of PI cases could easily be treated as small claims. Having a medical report available to the court is critical in resolving PI cases: as one experienced district judge told me, 'Once you've got this, most cases resolve themselves.'"

I appreciate that that may be anecdotal and simplistic, but perhaps we should be looking at those issues and assessing the evidence that is presented to the court, to ensure that justice is done more speedily and effectively in such cases.

Mr. Hollobone: I am grateful for my hon. Friend's reference to the National Accident Helpline, which has written to me to say that it would be happy with a limit of £1,500—he was quite right—and that it uses the inflation tables in *Kemp and Kemp*. That probably means more to other people in this Room than it does to me, but apparently it is an authoritative journal. According to those tables, the level would be £1,433 in 2006. The NAH cites evidence from the Judicial Studies Board publication, "Guidelines for the Assessment of General Damages in Personal Injury Cases", which also demonstrates the effect of inflation on that level. Those guidelines are widely used by judges when assessing damages.

James Brokenshire: I am grateful to my hon. Friend for highlighting that information from the NAH. I am not a personal injury lawyer—I am sure that my learned hon. Friends in this Room will quickly pick me up on this—but my understanding of *Kemp and Kemp* is that it is part of a guide that measures the award of damages that may be available. In some ways, it would deal with the point that the hon. Member for Hendon made. I see that he wishes to rise, and I am sure that he will correct me immediately.

Mr. Dismore: Having written a chapter of *Kemp and Kemp*, I would simply say to the hon. Gentleman that it is written for lawyers, not lay people.

James Brokenshire: The hon. Gentleman is absolutely right. Having met some of the NAH's representatives since our inquiry, I know that they are knowledgeable and learned in such matters and use the publication as an authoritative text to come up with their assessment of a reasonable increase in allowances under the small claims track.

It is good that we are having this debate and airing some of these issues. The small claims court has existed for many years, and it is important that we have an opportunity to consider how the justice and service that it offers can be improved. It is, and should be, the direct link that most of our constituents have with the courts when they need small claims dealt with effectively and appropriately.

Our report made recommendations on the advice that might be given. The Department for Constitutional Affairs says that it is piloting a scheme to try to give more advice, and to increase understanding of how the court operates and of the papers that need to be prepared in advance of any hearing. That is essential.

Another thing that struck me and, I am sure, all hon. Members who have been to the small claims court and seen it in operation, is the fact that many people are not

informed. As the hon. Member for Hendon rightly said, they do not necessarily even know which papers they must produce to support their case. Because of the inquisitorial nature of the court, the role of the district judge is essential once one gets to court—I welcome that and believe that it needs to be strengthened—but it is important at the outset that, as much as possible, assistance and guidance through helplines and so on are given to ensure that people know which documents they need to produce, whether they be contracts, letters or other information that support their case and give them the best opportunity to explain to the district judge what their case is about and whether it is made out on the facts and the evidence.

Our report provoked some strong views and interests, and I welcome that. I also welcome this debate and the focus that we have had on the small claims court. I look forward to the Department's taking forward the issue of enforcement, focusing on the valuable and important work that the small claims court does and ensuring that we support the small claims track, so that it can continue to provide real justice for our constituents who have small claims. We must ensure not only that justice is done but that it is seen to be done.

3.44 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I welcome the opportunity to speak in this debate. I apologise to you, Mr. Marshall, and to my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith) for being delayed by a constituency engagement.

As this is the first time that I have taken part in a debate on a Constitutional Affairs Committee report since I took up my present responsibilities, may I pay tribute to the Government for their restructuring of the Departments? We now have at least a stepping stone towards a department of justice, and I hope that before too long we will have the department of justice for which many of us have pressed for a long time. I also pay tribute to my right hon. Friend and his Committee for their diligent work on this and other issues, and for regularly producing significant reports on what he described to me as a range of initiatives from the Department. This is an important report among them.

I appear to be in a minority among those who have spoken so far, as I do not have a registrable interest to declare. That may or may not give me more credibility in arguing the case. However, just so that nobody can say that I am concealing something that may be relevant, I should say that in my earlier life I used to deal as a member of the Bar with cases such as those we are considering today, as have others in their legal professions. Although recently I have not been in and out of the courts as frequently as I used to be, I believe that I know the subject area relatively well.

The issue that has engendered the most interest in this debate has been the threshold for claims, particularly personal injury claims. I shall come back to that in a moment after making some preliminary points.

First, I was slightly troubled to hear the hon. Member for Hendon (Mr. Dismore) imply that people would not get good advice if they knocked on the door of their local citizens advice bureau. The Minister and I share the same borough. I do not know of her experience as a constituency MP, but mine is that the CAB is an excellent front door for accessing services. It points people in the right direction, even if it does not directly give advice itself. Various agencies in our borough are extremely helpful in ensuring that people go to the right place to get good advice.

Mr. Dismore: Perhaps I could clarify what I said. First, the citizens advice bureaux are horrendously overworked already and therefore do not have the capacity to take on this work. Secondly, they do not have the expert knowledge that they would need effectively to advise people on such subjects. Indeed, my local CAB tends to send people to my surgery.

Simon Hughes: I do not want the CAB, which I love dearly, to knock on my door to say that I have sent it twice as much work as it already has. My point was that citizen advice bureaux are extremely competent. They do not do the detailed work themselves for the reasons that the hon. Gentleman gave, but they point people in the right direction. The experience in my borough is a good one, and other advice centres and agencies also do well in pointing people in the right direction.

The second point is that even further down the scale than the small claims system is mediation, of which I am a great fan. I believe that people should first go to mediation, whenever possible. There is an extremely reputable mediation service in Southwark. It principally does other things, but, in terms of access to justice at the lower level of the court system, the more that people can have matters mediated to a conclusion, the better. *[Interruption.]* I do not know whether the hon. Gentleman wants to intervene, but he appears to be unsympathetic towards the mediation service.

Mr. Dismore: Certainly not. The trouble is that insurers are not usually interested in it.

Simon Hughes: The hon. Gentleman is right about that, but I am trying to describe the justice pyramid. The more that people can avoid courts and lawyers, the better. Yes, insurance companies often are resistant.

A third general point is that finding lawyers who are able, willing and not too overworked to deal with such cases is difficult. There are reputable lawyers and law firms that are very good about taking up cases on behalf of ordinary citizens in my borough, but my experience over years of referring people for personal injury matters is that they are very overworked. A general weakness of the system and one of the difficulties of the world we live in—a world in which the compensation culture is growing—is that the number of requests for help from the legal system is growing, so we are at risk of requiring more and more legal firms. The proportion of people in our society and in the world at large who are going to end up as lawyers seems to be growing all the time. I do not see that as a healthy sign. It appears to be inevitable that we are going down that road, but I wish that it was not.

Mr. Dismore: I have two points. First, people do have access to personal injury lawyers: a wide range of firms do such work quite effectively and competently. People need only consult the Law Society directory or the Association of Personal Injury Lawyers if they want to

[Mr. Dismore]

see an expert. Secondly, and more importantly, the hon. Gentleman trotted out the myth of compensation culture yet again. If he had been here earlier he would have heard the comments of the right hon. Member for Berwick-upon-Tweed, whose Committee has denounced the compensation culture as a myth. All the statistics show that it is a myth and that the number of claims is going down, which goes completely against what the hon. Gentleman said. He has fallen for the tabloid press again.

Simon Hughes: That is not my experience, and I can speak only from my experience and the general experience. I shall deal with both of the hon. Gentleman's points. I know where to look for the list of those lawyers who hold themselves out to do personal injury work, and I have made the case that there are some good and competent ones, but when as a London MP I send people to seek assistance from local personal injury lawyers, or they visit themselves, they are often told that the firm is too busy to take on their case. The pressures on those good practitioners is extreme.

There are also practitioners doing that work who are no good, and in my career I have never been able to say that the substantial number of solicitors or solicitors' firms approved by the Law Society do not include a significant number who are not up to the job and who do it poorly. One of the great failures of the past 25 years has been that there have been many poor lawyers, or people who purport to be lawyers but turn out not to be when one investigates further, because they are simply individuals who work for a law firm in which there may be only one lawyer. The representation across the board is not very good, and in some areas it is worse than others. The complaints system has been significantly inadequate over the years in dealing with complaints about when people go to the lawyers in the first place.

Mr. Dismore: I am sorry to keep intervening on the hon. Gentleman but he is trotting out wide assertions that bear no relationship to reality. The fact is that in the old days, personal injury law used to practised by people on the high street who dabbled in it but did not know what they were doing. The Law Society introduced the accreditation panel, on which I was an assessor, as I mentioned. We now have the College of Personal Injury Law and standards have risen dramatically. Indeed, if work is not done well and effectively under the new costs regime through conditional fees, firms simply cannot do it. They have to know what they are doing to make any money out of it. The hon. Gentleman's experience is way out of date.

Simon Hughes: Again, I am sorry, but I have been an MP for an unbroken period far longer than the hon. Gentleman. I can tell him that things have improved, but if he believes that all is right in the garden of solicitors he is severely misguided.

Mr. Beith: Another aspect of the problem my hon. Friend describes is that, in the world of contingency fees, an increasing number of solicitors have to make difficult judgments to turn down cases where the evidence is weak and the case has reached the margin of sustainability, because they have to make ends meet.

Simon Hughes: There is a set of issues, and I appreciate that this is not a debate about the profession of solicitors. Perhaps we could have that debate, which I would welcome, because although things have improved, the insistence of the Law Society on self-regulation and so on has not been in the public interest. Things have got better, including in the field of personal injury. However for the reasons given by my right hon. Friend and others, all I can report is that, because of the demand on those who are good, it is still sometimes difficult for people to get the advice they require, when and where they need it, at no cost if they cannot afford it or at a cost they can afford. I do not know about other hon. Members, but I select from my own experience—and what other people retail to me—those solicitors whom I recommend because they have done a good job and done so competently, but I do not include every person who holds themselves out to do such work. That is a difficulty and a weakness.

Those were meant to be entirely introductory, foothill-type, points, but they have clearly engaged the hon. Member for Hendon and there is further debate to be had. In response to his intervention, I say that I understand the debate about whether the compensation culture is overstated and about the number of people involved. The reason why a lot of people do not go down the road of taking action is that they find it too difficult, or are thwarted as they go. However, there is still a culture—one has only to look at commercial advertising on television—of encouraging people to make complaints and to think that everything ought to be risk-free, whether it is the local children's playground, a swimming pool or whatever else. Yesterday, the hon. Member for Wakefield (Mary Creagh) suggested, in a controversial move, legislation for regulating the temperature of baths, which I thought was on the wrong side of the argument.

Mr. Dismore: The hon. Gentleman obviously has not read the evidence or seen the material produced by my hon. Friend with which she made an extremely cogent case. The day before, a 10-year-old child received severe burns all down her leg and will suffer terrible consequences for the rest of her life. It is the old McDonald's coffee case argument. If people knew the facts of the McDonald's coffee case, they would know that McDonald's had superheated the coffee to such a degree that it caused third-degree burns. Most people do not know the facts.

Simon Hughes: I have heard and read the record of the short debate on the subject yesterday, but I was not persuaded by the hon. Lady's arguments. I think that we legislate far too much and we ask for legislation far too much. If we were much more cautious about thinking and holding out the idea that this place is the answer to everyone's problems, we would provide a far better service. In fact, if we legislated for only one year in two, we might do the public a much better service. It is normally administration, not legislation, that we need. I have a strong view about the belief that the law is the answer to everybody's problems. We should encourage

people in society to take more responsibility. People can take risks, and if things go wrong, take the consequences.

I reinforce the first of the four points made by my right hon. Friend the Member for Berwick-upon-Tweed, which concerned the failure of IT. Friends and colleagues of mine who do this sort of work tell me that the system is entirely inefficient. There are basically two IT systems that are not joined up, and until they are, the system will not work well. I have a note from a friend of mine, who does such work on a regular basis. She says:

"The small claims track is particularly inefficient regarding listings. . .If time is money, it's often a costly method of organising the case load. Also, it can be costly in terms of justice."

That leads into a separate but linked point:

"Some, not all, District Judges are so stressed out by having, for example six cases in their list that morning. . .they don't pay attention to points that are properly being made to them."

She goes on to make the wider and very valid point that if judges are stressed and the system is not sustainable, people do not get justice, because the judges are impatient, particularly with litigants in person. Litigants in person tend to test the patience of judges much more than those representing the insurance companies.

It is true that there are some excellent district judges, but there are some who are less good. Their general reputation around the courts is one of a very variable service. I am sure that those responsible for the appointment, supervision and management of district judges are alert to that. It is a difficult task: I have been in enough courts to see how difficult litigants in person can be, and how the imbalance of justice does not work to their advantage. However, we still need to make progress on efficiency and the quality of judges.

My right hon. Friend's second point, which he made the burden of his speech, was about enforcement. The system is of little use unless we can enforce the judgment. If one goes to court for £500 or £1,000 and nothing happens, or it takes months, the system is inefficient. The Government have said that they will respond, and it would be helpful if the Minister indicated how soon that will be.

I note what the report says, and we must be able to enforce the judgment, in effect, immediately. The inquisition about enforcement ought to be concluded there and then, at court, as the Minister and I know from our constituency experience. That is one reason why I have always argued for a merger of the tax and benefit system, because in the debate about ability to pay, people can and do deceive courts regularly. There ought to be before the judge adequate and integrated information about what people can pay. The simple proposition is that there should be a fixture no later than one month after a judgment in which enforcement is worked out, and people should be expected to attend.

That is why I have a very big stick to wave over the corporate sector—the defendants who are liable to pay. They should be required to turn up with the money in court one month later. If they do not, a very large penalty could be imposed so that it was not in their commercial interest not to turn up. We must find a way in which enforcement takes place more quickly and more effectively.

We ought to raise limits logically and gradually at least to keep pace with inflation. I shall not extend that debate at length. I take a technical view: it is probably wise to raise the limit, but only to one in line with inflation, which is about £1,500. It may be only lawyers who read *Kemp and Kemp*, but it would be foolish to go beyond that limit without consensus. There may have been much lobbying on both sides in the evidence given to the Committee —insurance companies and personal injury lawyers—but the insurance industry is clearly reluctant to help in many cases. I understand why personal injury lawyers want to ensure that justice is done. When the insurance companies pitch up with their lawyers and the individual has no representation, it is often easy for the company to win the day. Observations from colleagues throughout the country suggest that parity is often not achieved, because an individual against an insurance company often produces an inequitable result, in which the company is significantly advantaged.

I support the Committee's proposal for the European procedure. Cross-border cases are the only logical circumstances in which it should be used.

May I flag up the question about the cost of medical reports and the difficulty of getting them? I think I am right in saying that doctors invariably charge for medical reports.

Mr. Dismore: They have always done so.

Simon Hughes: No, they have not always done so. GPs did not always charge for medical reports. *[Interruption.]* The hon. Gentleman keeps saying that they did, but GPs did not always charge for medical reports. GPs are now considerably better paid, but they charge and charge more. I guess that we are bound to go that way, and it is reasonable that they are paid. However, if one asks one's GP for a medical report, it is important that they be obliged to provide it within a limited time. They do not always do so; it often takes a long time to receive a medical report. It would be helpful if they were provided quickly.

I want to reinforce a point made throughout the debate. For the considerable numbers of people who go into the legal system, these sums of money are significant. People can become obsessed about small sums, but they are significant. In relation to an injury or another matter, people can, rightfully, become upset. When Mr. and Mrs. Citizen take on a big—sometimes not so big—company, they feel that they are entitled to their argument, to be treated decently and quickly, and to receive the remedy quickly. The fast-track small claims system is unarguably a good idea. It is better we have that than the old rigmarole of people going through the procedures with lawyers on both sides.

The Committee addresses several significant measures that will improve the system. The Minister, with her commitment to access to justice, will I hope ensure that the Government respond as quickly as possible. We have not got the system right, and there are good suggestions about how we can make it better. We can do other things, and I hope that by the end of this decade we shall have better access to civil justice than we have ever had. If we do, I hope that the ordinary citizen will feel that getting justice does not involve such a ridiculously difficult system as they often feel it does at the moment.

4.6 pm

Mr. Jonathan Djanogly (Huntingdon) (Con): I start by declaring my interests as they appear in the Register of Members' Interests, but I state that I have never undertaken personal injury work as a practising solicitor.

The report has provided a useful and insightful analysis of the small claims system. I welcome its overall findings and congratulate the Constitutional Affairs Committee on its work. We have had a good debate and we have heard some valuable contributions. As the right hon. Member for Berwick-upon-Tweed (Mr. Beith) said, the small claims system is a low-cost, speedy and informal way of allowing litigants to bring claims for small monetary amounts. The system provides greater access to justice, as people are encouraged to bring their claims by the speed and informality of the small claims track. Many claims have been successfully pursued, when, without the small claims system, claimants may not have deemed it worth while resorting to legal action for such a minor amount of money.

The report, however, highlights certain problems with the small claims system which require rectification. First, the report raises the issue of the current claim limits for personal injury cases and housing cases involving a landlord's failure to repair the property. There are clear justifications for increasing the maximum amount for which such claims may be brought in the small claims system. The current figure of £1,000 was introduced in 1991, and after a 15-year period, it is outdated. As a consequence of inflation, very few personal injury claims can now be brought in the small claims system.

As the report states, within the Judicial Studies Board tariff guidance there are only five types of injury for which damages start at under £1,000. Claims for several minor injuries, which by right should be brought in the small claims track, are now being brought in alternative tracks. That means that the small claims system is not used frequently enough for personal injury cases.

Mr. Dismore: The hon. Gentleman talks about the Judicial Studies Board guidelines. Would he care to tell me how much a broken thumb is worth?

Mr. Djanogly: I cannot tell the hon. Gentleman what a broken thumb is worth. If he will let me continue, he will hear that I found much of what he had to say to be of value. It is not a straightforward issue of right or wrong; it is more complicated than he made out, in his valuable contribution.

Mr. Dismore: To finish my point: if the hon. Gentleman cannot tell me the answer to that question, how does he expect the man in the street to be able to do so?

Mr. Djanogly: By looking it up in a book. It is not the hardest thing to find. If the hon. Gentleman wants to run through every claim, I will not be able to give him the answer.

As I said, the situation means that the small claims system is not used frequently enough for personal injury cases. It has resulted in the needless clogging up of the court's fast-track system, and the expense of bringing a claim is now often disproportionate to the amount of the claim. As figures provided to the Committee by Norwich Union highlighted, in personal injury cases in which damages are more than £1,000, costs represent 65 per cent. of the damages paid—or 40 per cent. of the total sum when damages and costs are paid. That situation needs to be addressed, and the Conservative party supports the Committee's proposal to raise the small claims limit.

There is also a problem of a compensation culture, and it is not the role of the state to fuel that culture by subsidising litigation. The Government's compensation Bill recognises that there is a compensation culture, but does not even scratch the surface of the problem. We recognise, however, that the extent of the increase in the small claims limit is a valid subject for debate.

Raising the limit too much could have detrimental effects. One significant problem could be that claimants would not be legally represented. The small claims system actively discourages parties from being legally represented when they should be. There is a good reason for that policy: if litigants represent themselves, the cost of cases is reduced. The discouragement can be seen in the fact that the winning party in a small claims case is unlikely to be able to recover the costs of their legal representation. The no-win, no-fee offers, so well marketed by personal injury lawyers, are rarely an option for claimants in small claims cases; solicitors will rarely agree to enter conditional-fee arrangements if legal costs cannot be recovered from the other side. The provisions have resulted in most litigants not having legal representation in small claims cases.

The consequences of an increase in the small claims limit for legal representation would be clear: claimants in personal injury cases might find that obtaining legal representation was not viable. An increase of the limit to £5,000, as recommended by the Better Regulation Task Force, a Cabinet Office-sponsored organisation, would result in the allocation of most personal injury cases to the small claims track.

In written evidence to the Committee, the Law Society stated that most personal injury cases are for less than £5,000. Even if the limit were increased by £2,500, as the Committee recommends, that would, according to figures published by the TUC, result in 30 to 50 per cent. of personal injury cases being brought under the small claims system.

Will the discouragement to potential litigants from employing legal representatives result in their being denied access to justice? In some cases, it might. As has been said, if a potential claimant is unable to enter a no-win, no-fee arrangement or recover their legal costs if their claim is successful, they are more than likely not to instruct a solicitor.

Could the claimant not bring the claim as a litigant in person? Yes, sometimes; but in some cases that would not be feasible. As the hon. Member for Hendon (Mr. Dismore) and my hon. Friend the Member for Clwyd, West (Mr. Jones) said in their well considered speeches, the complex nature of many personal injury cases means that it is often inappropriate to expect litigants in person to deal with such cases. Tasks such as acquiring and understanding medical reports, assessing

the actual value of a claim, determining liability and preparing an accurate claim can make cases difficult for them.

A MORI Omnibus poll on behalf of the Association of Personal Injury Lawyers indicates that 64 per cent. of people who suffer an injury through someone else's negligence would not pursue a claim through the small claims court without legal assistance from a legal representative. As has been recognised, given that defendants in personal injury cases are often insurers, which will almost certainly be legally represented, the disadvantages to litigants in person could be even greater. John Wells, president of the Institute of Legal Executives, sums up the problem. He has said that litigants in person

"are unlikely to know whether a settlement offer is a reasonable one and may feel obliged to accept an offer which is considerably lower than the value of their claim. This difficulty will be enhanced particularly in complex cases. There will be no equality of resources between the parties. Insurers would basically have carte blanche to settle claims for as little as they could possibly get away with."

The problems that claimants will face if they have to bring a claim without legal representation could discourage some from pursuing their claim. Thus, they could be denied access to justice, and that would be a direct contradiction of the Government's stated aim of guaranteeing all litigants continued fair and equal access to justice. That problem may have been the cause for the Government's relatively short response to the Committee's report. There seems to have been indecision on the Government's part, and some direction and leadership on the issue would be welcome. I look forward to the Minister's comments.

Given the strong arguments both for and against raising the small claims limit for personal injury and housing disrepair cases, we believe that a compromise solution can be found. It is clear that an increase of £1,000 to the limit is necessary, as the current figure is outdated and results in disproportionate expenses being incurred in claims for relatively minor amounts.

How can that increase be achieved without denying justice to certain people? Providing adequate and improved court advice could be decisive. As the evidence to the Committee provided by both the Law Society and Citizens Advice noted, and as my hon. Friend the Member for Hornchurch (James Brokenshire) made clear, the crucial factor in supporting parties to an action is providing them not so much with legal representation, but with adequate information and advice before they come to—and, I would add, while they are in—court.

Evidence indicates that the advice available to litigants in person is inadequate. Citizens Advice, which often advises litigants in person, has noted that clients frequently cannot fill in small claim forms and allocation questionnaires. Furthermore, court leaflets are often deemed difficult to understand. As the evidence given by Citizens Advice to the Committee noted, even in small claims cases

"claimants can be left in serious financial difficulty if they do not get appropriate help and advice in preparing their case".

If the claims limit is to be raised, and more claimants are to find themselves without legal representation, those problems must be remedied by better guidance. I note with interest the progress being made by the pilot small claims scheme at Reading county court. The scheme, designed to assist parties without legal representation, provides for a dedicated support officer to supply in-depth advice to both claimants and defendants. I should be grateful if the Minister commented on the success or otherwise of that scheme.

The courts will have the burden of being more proactive to ensure that potential claimants have all the information and can understand the information required to bring a claim. Likewise, unrepresented defendants must be suitably informed to enable them to defend the claim against them. Appropriate advice must be supplied on matters such as filling out forms, gathering together and interpreting medical reports and determining the liability and quantum of claims.

If quality and easy-to-understand advice can be provided, and district judges can continue their existing constructive interventionist approach to small claims cases, that, hopefully, will negate much of the harm caused to parties who under the present limit would instruct a legal representative, but would be forced by an increase in the small claims limit to represent themselves.

Despite a sharp increase in the quantity and quality of advice to litigants in person, they will often be in a weaker position without legal representation. For that reason, recommendations from some quarters to raise the limit to £5,000 may be inappropriate. The Conservative party supports a doubling of the limit from £1,000 to £2,000, which would take into account the rising levels of personal injuries damages inflation. That figure, the same as that recommended by Citizens Advice, should not result in people being denied access to justice. We would remain open to the debate on whether the limit should be up to £2,500, but do not feel that a higher limit than that is appropriate at the current time. Most complex personal injury cases, in which a claimant would struggle to bring a claim without legal representation, are for more than £2,000 and will therefore still be allocated to the fast-track system.

The report also raises a second issue of the possible introduction of a European small claims procedure. A proposed EC regulation will introduce the procedure, which will intend to simplify, speed up and reduce the costs of litigation for small claims across the EU. The Committee's report broadly welcomed the implementation of such a procedure, noting the benefits that will be provided to parties involved in cross-border cases. That point was reinforced by the words of the Committee Chairman, the right hon. Member for Berwick-upon-Tweed, this afternoon.

However, there were two significant reservations to that welcome. First, a successful party will be able to claim their legal costs from the losing party, which, as I said, is the exact opposite of the situation in the small claims system in England and Wales. It could mean that disproportionate costs could be incurred in order to claim a relatively small sum. A second problem noted by the Committee is that the procedure will be available only to claimants whose claims are for less than €2,000. In comparison with the levels used in England and Wales, that amount is low.

The benefits of introducing a European small claims procedure for cross-border cases are very much the same as those for domestic cases. The procedure will be

[Mr. Djanogly]

particularly beneficial given the growing number of consumers choosing to shop abroad, and the increase in travel between member states. It may provide benefits through more choice and lower prices, but it could also lead to cross-border disputes. The quantity of such disputes is escalating rapidly. If consumers are to have the confidence to shop abroad, they need the assurance that if something goes wrong there is a viable means of redress.

There are various problems with pursuing a claim in a foreign country. Language difficulties, geographical distances, instructing two sets of lawyers, additional travel and communication costs, and a lack of information regarding local consumer rights and applicable laws all make it a difficult process to pursue. Potential claimants to actions for small amounts may think that they are better off cutting their losses and forgetting about pursuing legal action. Evidence provided by the Commission indicates that that is largely the case at the moment. To solve those problems, the introduction of a simplified and speedier system for contested small value claims is to be welcomed.

However, as the report noted, the ESCP has some problems in its current form. If the procedure is to have a limit of €2,000, which is roughly the equivalent of £1,400, many cases that could appropriately be dealt with under the system would be excluded. The figure that is set must be large enough to attract a sufficient amount of cases. As the Association of Chartered Certified Accountants has pointed out, few small or medium- sized UK-based enterprises will benefit from the procedure. That is due to the majority not being involved in cross-border trade, and of those who are, in a third trade principally outside the EU. The procedure appears therefore to be a mechanism for the benefit of individuals. If individuals are constrained in their ability to bring an action because its value must be below a €2,000 threshold, the number of cases expected to be brought under the procedure is relatively few.

Although the level is clearly too low, there is also a danger of setting it too high. That could have the effect that cases complex enough to warrant a full discussion or trial in a court of law will not receive that, as they will be capable of being brought under the accelerated small claims procedure. That problem needs to be addressed further.

A potential problem I have spotted with the proposed regulation is that the €2,000 limit applies only to the value of the original claim when the procedure is commenced, and not to the value of the final judgment awarded. The regulation is silent in the event that the claim later turns out to be for a much higher amount, for example, if the damage incurred by the claimant later turns out to be greater than originally believed. The lack of an automatic power granted to the national court to transfer such a case from the procedure to the national court system could lead to an injustice being committed against either party, or both.

In conclusion on this particular issue, the best course the Government could follow is to demand that the €2,000 limit be raised. I appreciate that the procedure must take into account the varying small claims limits and living standards in all the member states. To take account of those differences, an alternative solution might be to permit member states to set their own limits. That would allow the courts in England and Wales to set the limit at €7,000, equivalent to the £5,000 limit currently employed in our small claims system.

I referred to a second problem: the losing party having to pay the winning party's costs. The right will not apply in terms of a loser who is unrepresented having to pay the other side's legal fees; the wording used in the proposed regulation refers to the fact that a "natural person" who is not legally represented will not be obliged to "reimburse" the legal fees "of the other party". That could create an atmosphere of injustice, as parties will often not be on a level playing field. Furthermore, such a provision discriminates against companies bringing claims, as they cannot come within the definition of a "natural person", and against those individuals, for example minors or the mentally impaired, who would find it difficult, if not impossible, to bring a claim without being legally represented. If the procedure is to have such a costs rule, special provision must be made for those types of situation.

Many cases will involve both parties being legally represented, and therefore the general rule employed in the court system of England and Wales that the loser pays the winner's costs will apply. The provision will cause one of the problems which I have discussed in respect of why the limit for personal injury and housing repair cases in the small claims systems of England and Wales should be raised: disproportionate costs being incurred to claim back a small monetary amount.

Mr. Dismore: Does the hon. Gentleman accept that one of the problems about costs and disproportionality is the way in which the insurance companies defend the cases—by running up costs, taking cases far further than they should and not paying up? If the insurance companies admitted liability and paid up earlier—as by definition they should, because otherwise they would not be paying compensation in the first place—the costs would be nowhere near as high as they are.

Mr. Djanogly: The hon. Gentleman makes a fair point. I recognise his experience in this area. He made the point in his earlier remarks and he is defending the established system. There were interesting aspects to the sparring match that he had with the hon. Member for North Southwark and Bermondsey (Simon Hughes), who was at least saying that perhaps we should consider this matter in a slightly different way—he mentioned mediation. My hon. Friend the Member for Hornchurch (James Brokenshire) mentioned the courts giving further help. With respect, the attitude of the hon. Member for Hendon is a little one-sided—

Mr. Dismore: It is born of experience.

Mr. Djanogly: I understand the hon. Gentleman's experience, but we could slightly broaden our horizons on this matter.

If a claimant brings a claim for about €1,000, the legal costs for such a cross-border action, which would generally be higher than for a purely domestic case due to its international nature, could run into several thousands of euros. Claiming back that amount, which far exceeds the amount of the original claim, could be

highly disproportionate, and unfair to the other party. That would defeat the entire object of having a small claims procedure: to provide a simplified and accelerated cross-border procedure, with lower costs. Potential claimants will know that they run the risk of having to pay the other party's costs in the event that they lose their case. That will discourage individuals from bringing a claim under the procedure, unless they are provided with certainty about the maximum amount they may have to pay.

Several reports, including those conducted by the EU, have noted that cost is the main reason why individuals choose not to pursue legal claims. I believe that during the UK presidency of the European Council the Government sought to rectify the problem by proposing that the ESCP should allow for the recovery of costs, including legal costs, even where the unsuccessful party is not legally represented—the benefit apparently being that costs could be claimed only if they were proportionate to the claim.

Although I welcome a proposition that costs should be proportionate, the Government's proposal could do more harm than good. Many potential claimants who may have contemplated bringing a small claim in another member state, and may have been willing, for the sake of saving costs, to represent themselves, will be reluctant to bring a claim if there is the potential for their having to pay any costs at all, even a proportionate amount.

A second problem with that proposal is that it could be unfair if an unsuccessful litigant in person would be just as liable for the legal costs of the other party as an unsuccessful party who had legal representation. One of the best features of our domestic small claims system is its rules on costs, which are the cornerstone of a simplified and speedy process. While a person bringing a small claim knows they may not get all their costs back, they also know that if unsuccessful, they will not be burdened with a large costs bill. Having to pay costs will act as a deterrent to people bringing small claims, so a costs rule that entitles a winning party to claim back only a fixed amount of costs may be beneficial, and that fixed amount should include only the costs of court fees and the loss of earnings to the party and witnesses. They are the exact costs that can be claimed back in the small claims system in England and Wales, regarded in the Government's response as

"a leader in the field of small claims litigation".

The introduction of a procedure that contains the two problems I have been discussing will not, in itself, be detrimental to the British people. However, it would be a missed opportunity to introduce a respected and useful cross-border small claims system. Too few people will seek to utilise the procedure due to the problems, so that its potential benefits will be severely constrained.

Having reviewed the proposed regulation, we think that a couple of points might have been overlooked by the Committee, and I would be grateful for the Minister's response on them. First, I note that the system is to be based on written procedure, which in the context of saving time and money, is to be commended. However, no account is made for those with low literacy skills. Although the regulation allows for an alternative procedure at the court's discretion, it may be preferable to allow parties automatically to request an alternative procedure, with a presumption that the request is to be accepted unless the court has good reason to refuse. There must however be some mechanism so that a party cannot for tactical reasons demand that an oral hearing take place, thereby potentially placing the other party at a financial disadvantage.

The regulation also states some of the alternative methods of taking evidence, which obviously must take into account the greater distances cross-border cases will entail for parties and witnesses when compared with national cases. The methods stated include telephone and e-mail conferences, and such methods raise serious security concerns for obvious reasons. I would be grateful if the Minister told us how that will be addressed.

I was disappointed in the Government's lacklustre response to the Committee's comments about the listing procedures. The fact that many litigants arrive in court to find that they may have to wait hours before their case is heard is unfair. The Committee noted that problem, and although it accepted that there were practical difficulties in listing cases for the convenience of both the judiciary and parties, it recommended that the interests of parties should not be overlooked. The Government's response explicitly ignored that recommendation, stating that, as the current system is supported by the Association of District Judges, it should remain in place.

Although I accept that the court's time should not be wasted, a more constructive compromise could be found. A system could be adopted that provides for shorter time slots—for example, two or three slots per day, in which parties would appear. Hopefully, that would mean that parties would not have to wait for too long. On the other hand, the amount of judges' time that is wasted should be kept to a minimum. If litigants or their witnesses do not show up or their case is settled, then there will still be other cases to fill up the court's time within the relevant slot.

On enforcement of judgments, it is shocking that up to a third of successful claimants in small claims cases never see a penny of the amount they have been awarded. That undermines the entire small claims system. I welcome the Government's good intentions in respect of their proposed legislation to solve that problem. Such measures as data disclosure orders and an attachment of earnings information gateway seem in principle to be good ideas to enforce judgments. However, it is a shame that it has taken so long for those measures to be proposed, and I am aware of no action having been taken to enact any of them.

The Government's response fails to set out even a rough timetable or estimate for the proposed legislation. I note that since the Government's response was published the Secretary of State for Constitutional Affairs has announced the Government's intention to create a national enforcement service, but from the research I have conducted it appears that that service will work primarily to enforce criminal judgments. I would be grateful if the Minister told me whether I am right about that.

It is unclear whether the service will be for the benefit of parties wishing to enforce a civil claim. It barely gets a mention in the Department for Constitutional Affairs

[Mr. Djanogly]

press release, while Her Majesty's Courts Service website makes one reference. It states that the service will

"amalgamate civil and criminal enforcement activity"

and yet the

"feasibility of this needs further testing".

It would seem to be a good idea for the national enforcement service to assist successful claimants to enforce judgments against defendants who are refusing to pay. From my knowledge of the service, that does not appear to be its priority, or even on its list of aims. I would be grateful if the Minister provided clarification on that. If I am correct, it would be a missed opportunity to rectify a serious problem in our small claims system, as my hon. Friend the Member for Hornchurch suggested.

Simon Hughes: It appears that we agree that this is a hugely important part of the system's current failures and that a remedy is needed. Has the hon. Gentleman considered a remedy such as the one I proposed, which is that the defendant—the person who then has to pay—is required to come back at a fixed time to show that they have paid, to pay then, or to give evidence of how they are going to pay? Once they are let out of the clutch of the court, chasing things up becomes far more expensive, far more long-winded and far less successful.

Mr. Djanogly: The hon. Gentleman's proposals deserve to be put into a pot for a broader debate. However, off the top of my head, I can think of other sides to the story: for example, if the judgment was for a significant sum and the company was small, having to pay it all at once might simply bust the company, so nothing would be payable.

Simon Hughes: These are small claims.

Mr. Djanogly: I appreciate that these are small claims, but, conceptually, these are issues that would have to be addressed, as would the impact on companies generally. However, the hon. Gentleman has a good point that should be looked into.

Simon Hughes: Often, one of the reasons why such sums are not paid is that the company—which may be a small company—that finds itself in difficulty has its own legal fees to pay as well as the judgment. When it pays its own legal fees is a matter for it to resolve later; the crucial thing is that it quickly pays the judgment sum to the person who deserves it. That should be the priority, and it should be done within a fixed period.

Mr. Djanogly: Yes, and we must recognise that there are existing execution methods, and as much as looking for new methods we would need to discuss the extent to which they are not adequately used. We should question the use of bailiffs and sheriffs and so forth, who have mixed effectiveness rates—that varies in different parts of the country. There is a great debate to be had on this issue. It is right to put the hon. Gentleman's point into the pot, and I would be grateful if the Minister addressed whether we can have such a debate, because it would be an important one.

I apologise that my speech has taken so long, but these are important issues that deserve attention. Small claims are a valid, worthy and well-established part of our court system. Although I look forward to hearing the Minister's comments, so far I fail to see the evidence that the Government are giving this important area the attention it deserves. That is a shame—and possibly also a missed opportunity to extend access to justice.

4.35 pm

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): The small claims track is one of the cornerstones of civil justice, providing access to justice for both consumers and business that is simple and quick to use, and where liability for costs is limited. I thank the Constitutional Affairs Committee for selecting its report on small claims for debate. This is the second time a report of the Committee has been debated in this Chamber and, yet again, the discussion has been excellent and the attendance high, considering that this is the last day before a recess.

The Members who have spoken have different areas of expertise, but we all know—from constituents' visits to our surgeries, for example—that this is an important issue above all for people seeking access to justice. Members have made many insightful and important points, and I will try to respond to them.

Litigation should be used only as a last resort, but if somebody cannot get redress by other means, they must be able to make a claim. The vast majority of claims made end in a default judgment—the defendant has not acknowledged service of the claim or provided a defence—and then enforcement proceedings can begin. However, a relatively low-value defended claim will be allocated to the small claims track.

I thank the Chairman of the Committee, the right hon. Member for Berwick-upon-Tweed (Mr. Beith) for his recognition, which was echoed by other Members—possibly with the exception of the hon. Member for Huntingdon (Mr. Djanogly)—that the small claims track is well regarded, and I thank everyone who makes that the success that it is, including the district judges, the court staff and the advice sector.

Although the small claims track is well received, we are not complacent about it. For some, the courts will always be intimidating, as my hon. Friend the Member for Hendon (Mr. Dismore) rightly said. They will find filling forms a problem, the procedure daunting and knowing where to seek advice or assistance far from straightforward.

We recognise the problems and are continuing to look at ways of addressing them. We are not being complacent; we want to improve the existing provisions and to introduce new ones. The community legal service has worked with the Department to ensure that court staff can correctly identify sources of advice and refer people to them. We already provide information through leaflets at courts and via Her Majesty's Courts Service website for litigants, and provide assistance to litigants at courts. The hon. Member for Hornchurch (James Brokenshire) referred to that.

However, we can do more. We continually review the leaflets to see if they can be improved and we are looking at how we can change our website to make it more user-friendly. The small claims support service pilot in

Reading will provide practical assistance to litigants in person in bringing or defending their claim. Our money claim online service has been a major initiative. It allows people to bring and defend claims online for up to £100,000.

We know that attending court can be difficult, time-consuming and costly, which is why we are expanding the types of hearing that can be dealt with by telephone. Those who do not know what to expect can contact their local court, not only for information and assistance, but also to see what is involved. Those with special needs can contact the court for help. This all indicates the thought and effort that is being put into the civil justice system to ensure that it continues to be highly regarded by the people who need to use it.

The Chairman of the Committee, the right hon. Member for Berwick-upon-Tweed, asked us to consider four points: IT enforcement, the level of payments for personal injury, housing and Europe. I will address them in the order in which he raised them.

On IT, we recognise the need to invest in technology and modernisation to support effective delivery of justice, including in the small claims court. We have provided an additional £75 million for IT projects in the civil and family courts over the past three years. We have ring-fenced a further £25 million in funding for each year of the current spending round specifically for modernising IT in the civil and family courts.

Through the courts and tribunal modernisation programme, we have delivered a range of IT projects, including money claim online, an award-winning online claims service; the LINK project, which installed new IT infrastructure in larger county courts and the royal courts of justice; a new generation of laptop computers for all judges, including district judges and those sitting in the small claims courts; a pilot of an electronic appointments diary in the civil and family courts; and the online forms project, which makes 20 of the most popular civil court forms available for completion online. Also, a wide range of other IT projects are under consideration. All that is not enough; we have done quite a bit, but there is much further to go.

My hon. Friend the Member for Leicester, East (Keith Vaz) asked a question about consultants. The Department is doing a great amount on IT in the criminal courts, but we acknowledge that we need to do more in the civil courts, beyond the criminal justice system. One of the biggest issues is money. If anyone has any ideas about what else we could cut in order to put more into IT, or about ways in which we could do better with our IT, cheaply, we will definitely be interested to hear it.

Mr. Djanogly: I believe that the Department has just announced 8 per cent. cuts; will that impact on the IT spend?

Ms Harman: We have not announced an 8 per cent. cut.

The second subject raised by the right hon. Member for Berwick-upon-Tweed was enforcement. The hon. Member for Hornchurch rightly said that if court judgments are not enforced, it adds insult to injury. First, a person receives a wrong; then, they make the effort to go to court; and then the person who did the wrong cocks a snoop at the whole system and refuses to pay. That is a major problem. We ought to recognise that the problem is that many people think that they just do not have to pay. Many agencies and organisations have to spend time chasing people who think that even though they owe somebody something—because they owe them a debt or have done them a wrong—they can just walk away from it. We should all condemn those people who do a wrong to someone and think that they do not have to provide recompense.

Enforcement has a crucial role to play in the small claims system. There is no point obtaining a judgment if it is unenforceable. I realise that enforcement is not as effective as it might be; that is why we are considering further possibilities. We are currently drafting provisions for a Bill to improve enforcement. The intention is to legislate as soon as parliamentary time allows, and to allow the greatest possible scrutiny. I can only say that our debate on the subject will reinforce the recognition that we need to bring that legislation forward. It has been useful to have the opportunity to debate enforcement. There is much agreement about what needs to be done on the matter; we just need to get the parliamentary time to bring that legislation forward.

Simon Hughes: There is obviously consensus that enforcement is a big issue. Will the Minister consider talking to business managers about whether we might have a debate on the wider issue in Government time? If we do have such a debate, will she facilitate some correspondence before then about ways of securing enforcement that are much more practical than a long-winded, eight-stage regulatory process—which, to be honest, will cost a lot and may not deliver?

Ms Harman: I think that we have had a useful debate about enforcement here. Also, there was a lot of good debate throughout the Select Committee's inquiries on enforcement. I cannot offer to suggest to the business managers that we have another debate about enforcement. We know what the parameters are; what we need is to find parliamentary time actually to do something about enforcement.

Importantly, the Select Committee highlighted for debate the limits for payments in personal injury and housing disrepair cases, and it has ignited more discussion and consideration of the subject. The matter is not just about getting compensation for an individual who suffers a personal injury as a result of a negligent act or omission; it is also about having a deterrent, to make sure that there is accountability among people, including employers or local authorities. If there is accountability, it is a deterrent to people acting negligently in a way that results in others being injured. We should understand the public interest side of effective personal injury claims, as well as the point of view of the individual who needs compensation.

As hon. Members have said, the small claims limit of £1,000 for personal injury cases, established in 1991, was last reviewed in 1999, when it was decided that that limit should remain. We are currently reviewing all the case track limits, and we are considering the Select Committee's recommendations in the context of that work, which is being informed by information and representations from a range of sources. The Select Committee's report has generated many further

[Ms Harman]

representations from interested individuals and organisations. As we heard from my hon. Friend the Member for Leicester, East, the debate is still going on, even within the Select Committee. He said that at first he agreed with the limit, but he has since received so many further representations that he has changed his mind. That is an ongoing debate. As today's debate demonstrates, there are strong views against, as well as for, an increase in the limit for personal injury claims.

James Brokenshire: The Minister is highlighting the right points about our debate. She says that her Department is reviewing the matter and is taking on board the Select Committee's evidence, as well as subsequent evidence. Could she give any suggestion of the time scales to which the review is working?

Ms Harman: I cannot give an actual date, but I can say that the review is progressing with the appropriate speed. We are considering the matter and are talking to people about it. It is not that nothing is happening about the subject. It is not just sitting gathering dust on a shelf. We are actually looking into the matter. Many people are still making representations and further discussion is under way. Let me give some of the arguments as we see them so far.

We recognise that there are concerns about the lack of legal advice or representation if the limit is raised. Representations point to the fact that when people make a claim for personal injury, it is more than likely that they will be up against professionals—insurers, lawyers, claims managers, employers or local authorities. They will need to establish whether they have a valid claim; obtain and understand medical and other expert evidence; and then be able to prove their case. They will also have to assess the value of their claim. Those could all be difficult for a claimant without advice or representation, and lawyers say that offers made to non-represented defendants can increase by £1,000 or more once the services of a lawyer are engaged.

However, the insurers and local authorities have concerns that the costs of conducting lower-value cases have become disproportionately high. Costs often exceed the amount of compensation, sometimes by a considerable amount. They believe that that could be addressed by increasing the small claims limit so that legal costs are no longer recoverable, although my hon. Friend the Member for Hendon points out that the issue of those costs could be addressed by people settling earlier and not fighting claims that they are likely to lose.

The Government are considering all those arguments carefully. We are clear that claims must be settled in a way that is timely, proportionate and cost-effective. That is not always the case at present. However, an increase in the limit to £2,500 or even £5,000 would affect tens of thousands of cases, so before considering such an increase we must consider its impact fully and be sure that we are increasing, not reducing, access to justice. For example, conditional fee agreements have improved access to justice, and mean that more people can pursue their claims. An increase in the limit would affect the viability of conditional fee agreements. It might also open up the possibility of claimants having to pay for legal advice through a large fee being deducted from their compensation, as my hon. Friend the Member for Hendon said.

The Select Committee report comments on the importance of the availability of early advice. I have already set out some of the initiatives under way to provide assistance and better information. As part of our review of the personal injury limit, we need to establish whether the voluntary advice sector could cope with a large influx of new cases in an area of litigation that both involves a high level of expertise and hardly features in the current small claims regime at the moment.

Although, as the Select Committee rightly points out, district judges will help the claimant in person, many cases never reach a judge, as they are settled before litigation is commenced. Even where litigation is begun, most cases settle before they reach a trial, if we leave aside the point about settlement being at a lower level without the assistance of a lawyer for the claimant.

There is also the issue of what any increase should be. Obviously, all such limits are to some extent arbitrary. As others have pointed out, an increase in line with inflation would not take us above £1,500 and an increase to £2,500 or £5,000 would bring some injuries into the small claim track for the first time. We ought to consider whether such an increase can be justified on grounds other than inflation. I note the point made by the hon. Member for Huntingdon about splitting the difference.

So far as housing disrepair cases are concerned, as the Select Committee recognised and as the right hon. Member for Berwick-upon-Tweed mentioned, such cases nearly always involve some of the more vulnerable members of society. We are taking that into account in our review.

A numbers of hon. Members ventured into a discussion of small claims in the European context. That is quite a challenge. For many people, the idea of even getting to their local court, issuing a claim and making progress seems daunting enough; the idea that one should advance into Europe and litigate for a small amount is even more so. Europe is on to it; it is in hand.

With holidays, travel and buying abroad, including via the internet, on the increase the number of disputes will rise, as the hon. Member for Huntingdon said. Citizens Advice already does sterling work, acting as European consumer centres for the UK and helping to resolve cross-border disputes that arise in the EU. Sometimes disputes cannot be resolved so easily and, at present, litigating across borders can be costly, lengthy and time consuming. It is regarded by most people as downright impossible. We believe that the European small claims procedure will be a significant improvement, providing as it does a simple common procedure that does not involve a judgment having to be recognised in another member state before it can be enforced.

We are continuing to negotiate with our European colleagues to achieve the best possible outcome. Already, we have secured agreement over significant aspects of the procedure that it should apply to cross-border cases only. Obviously, that makes sense. It should normally be a written procedure. Perhaps most importantly, the cost of the procedure should not be disproportionate to the value of the claim.

A number of hon. Members, including the hon. Member for Huntingdon, mentioned listing. Most public service organisations are moving away from block booking. Obviously, it is right that that is reflected on. We recognise the problems that block listing small claims can cause litigants. The reason for block booking is that it is regarded as the most efficient use of judicial and court resources. We have to strive to reach a better balance between the providers of the service and its users.

We are reducing the number of hearings in court wherever possible by extending the scope for telephone hearings. Hopefully, there will not be block booking of telephone hearings. That will save litigants not only waiting time but also time and money spent travelling to court. We will continue to discuss with HM Courts Service the points that have been made about block booking and listing.

As I have said, our small claims system is already well regarded. However, we are not complacent. It provides a low cost and generally effective system for a large number of litigants. There are still problems with IT. We have much further to go. Enforcement will never be an easy nut to crack, but we must do more about it and we must get parliamentary time for it. As far as raising the limits is concerned, the debate that has followed the report has shown that it is not straightforward by any means.

Mr. Djanogly: The Minister will appreciate that everyone here knows that that is not straightforward. That has been reflected in every speech. However, the issue has now come to a head, as shown by the letters that we have received. For the Minister to leave without some indication of where the Government are coming from, after having heard the figures that both Opposition parties are coming from, and for practitioners not to have some idea of where they are leading is not a good reflection on the Government. Can she give us some more idea of where we are headed? At what point in time will she give a decision so that there is certainty and people know what will happen?

Ms Harman: I have set out what I think the considerations are. I have explained that we are deliberating about the matter, that we are considering it and that we are receiving representations. The hon. Gentleman would not want us to act precipitately. It is important and in due course, as soon as we can, we will come forward sensibly and set out our proposals. We will continue to listen to hon. Members' comments about the day-by-day processes and where we can improve them, and to work harder to make a good system, run by dedicated people, even better.

4.55 pm

Mr. Beith: With the leave of the Chamber, I want to thank hon. Members who have taken part in the debate, especially the hon. Member for Hornchurch (James Brokenshire), who makes such a valuable contribution to the Committee, my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes), with his ideas on enforcement, which have been a valuable addition to our discussion today, the hon. Member for Huntingdon (Mr. Djanogly), who gave general support to the belief that we have to reconsider the limit and may need to raise it, although we must work out what would be a sensible increase, and the hon. Members for Clwyd, West (Mr. Jones) and for Hendon (Mr. Dismore) for their extremely eloquent defence of the views of many personal injury lawyers and some trade unions.

As I listened to the hon. Member for Hendon, there were moments when I feared that I might trap my finger on my way out of the Chamber. In such circumstances, it would clearly be essential that I obtained the services of the hon. Gentleman or of the small number of lawyers who are known by him to be up to his standard. I dare not read *Kemp and Kemp*, from which he is going to give me the chapter, because that was not written for people like me. There was a moment when he sounded a little like the lawyer in the Lady Chatterley case, challenging the jury to think whether this was a book that they would want their servants to read. I am sure that you will now scurry home to read it, Mr. Marshall.

I turn to the Minister's response. I shall want to pursue her on three unanswered questions. When will a fully-integrated IT system be in place in the county courts? How soon can we get effective action and enforcement? When, as the hon. Member for Huntingdon asked, will we get the difficult but necessary decision about the limits? It should not take too long now that all the arguments are out in the open.

I hope that the argument about the personal injury limit will not in any way detract from the importance of the other issues that we have talked about: the benefits and advantages of the small claims track, and the need to equip it adequately with IT and ensure that its judgments can be enforced.

Question put and agreed to.

Adjourned accordingly at three minutes to Five o'clock.